

CALIFORNIA HIGH-SPEED RAIL AUTHORITY

BOARD MEETING

TRANSCRIPT OF PROCEEDINGS

SACRAMENTO COUNTY BOARD OF SUPERVISORS CHAMBERS

700 H STREET

SACRAMENTO, CA 95814

TUESDAY, OCTOBER 11, 2016

8:30 A.M.

Reported by:
Kent Odell

APPEARANCESBOARD MEMBERS

Dan Richard, Chairman

Tom Richards, Vice Chair

Lynn Schenk

Michael Rossi

Lou Correa

Daniel Curtin

Bonnie Lowenthal

STAFF

Jeff Morales, Chief Executive Officer

Jennifer Thommen, Acting Secretary

Tom Fellenz, Chief Counsel

Frank Vacca

Mark McLoughlin

Diana Gomez

Alice Rodriguez

Boris Lipkin

Scott Jarvis

PUBLIC COMMENT

Dr. Joaquin Arambula, California State Assembly

APPEARANCES (Cont.)

PUBLIC COMMENT (Cont.)

Ashley Swearengin, Mayor, City of Fresno

Vaughan Davies, AECOM

Lee Ann Eager, Fresno Economic Development Corporation

Paul Caprioglio, City Council, City of Fresno

Oliver Baines, City Council, City of Fresno

Esmeralda Soria, City Council, City of Fresno

Max Rodriguez, Madera County Board of Supervisors

Ted Hart

John Chavez, Chowchilla City Council, City of Chowchilla

Brian Haddix, Chowchilla City Administrator

Alan Scott, Citizens for High-Speed Rail Accountability
(CCHSRA)

Ross Browning, CCHSRA

Frank Oliveira, CCHSRA

Roland Lebrun

Diana LaCome, APAC

Paul Guerrero, La Raza Roundtable de California

INDEXPAGE

1.	Closed Session (October 10, 2016 5:00 p.m.)	--
	Roll Call	6
	Public Comment	7
2.	Consider Approving the Board Meeting Minutes from the May 10, 2016 Meeting	57
3.	Consider Revising the Board's Policies and Procedures to Update Committee Jurisdictions	58
4.	Consider Approving a Contract with Pacific Gas & Electric for Engineering and Permits Associated with Electrical Interconnections	61
5.	Consider Amending the Contract for Environmental and Engineering Services on the Bakersfield to Palmdale Project Section with T.Y. Lin International	67
6.	Consider Releasing a Request for Qualifications for Fresno Station, Operations Control Center and Related Design Services	--
7.	Informational Presentation Regarding High-Speed Rail Maintenance and Operations Facilities	--
8.	Informational Presentation Regarding Early Operator Input and Development of Policies on Fares and Schedules	89

<u>INDEX</u>		<u>PAGE</u>
9.	Small Business Program Update	75
10.	Construction Progress Report	95
	Adjourned	101

P R O C E E D I N G S

8:38 a.m.

PROCEEDINGS BEGIN AT 8:38 A.M.

SACRAMENTO, CALIFORNIA, TUESDAY, OCTOBER 11, 2016

CHAIRMAN RICHARD: Good morning, ladies and gentlemen, welcome. This meeting of the Board of Directors of the California High-Speed Rail Authority will come to order.

Will the Secretary please call the roll?

MS. THOMMEN: Director Schenk?

BOARD MEMBER SCHENK: Here.

MS. THOMMEN: Vice Chair Richards?

VICE CHAIR RICHARDS: Here.

MS. THOMMEN: Director Rossi?

BOARD MEMBER ROSSI: Here.

MS. THOMMEN: Director Correa?

BOARD MEMBER CORREA: Here.

MS. THOMMEN: Director Curtin?

BOARD MEMBER CURTIN: Here.

MS. THOMMEN: Director Paskett?

BOARD MEMBER PASKETT:

MS. THOMMEN: Director Lowenthal?

BOARD MEMBER LOWENTHAL: Here

MS. THOMMEN: Chair Richard?

CHAIRMAN RICHARD: Here.

1 Will Vice Chair Tom Richards please lead us in
2 the Pledge of Allegiance?

3 (The Pledge of Allegiance is made.)

4 CHAIRMAN RICHARD: Ladies and gentlemen, I'd like
5 to go a little bit out of order this morning. Normally
6 what we do is we take public comments first, which we will
7 do, and then move to various items.

8 Among our distinguished guests this morning we
9 have some representing Fresno area who have some other
10 obligations this morning, governmental obligations. So
11 what I'm going to do is I'm going to call on them at the
12 outset of the public comment period. We will then take the
13 rest of the public comments in order. And I know they're
14 speaking to an item on our agenda and we'll let them speak
15 to that item, even though it's likely that the Board
16 probably will not take action on that item today.

17 In any case, to move through our agenda this
18 morning I'd like to welcome one of the newest members of
19 the California Assembly, Dr. Joaquin Arambula, from the
20 Fresno area representing the 31st Assembly District.

21 Assemblymember, welcome.

22 ASSEMBLYMEMBER ARAMBULA: Thank you for having
23 me.

24 You know, it's a privilege and an honor to be
25 here. But I first want to tell you where I come from. I

1 come from the Central San Joaquin Valley, one of the
2 poorest areas not only in our state, but in our entire
3 country. I have practiced most of my professional life as
4 an emergency room doctor where I was taking care of people
5 on the front lines of healthcare doing everything I could
6 to keep them alive, to keep them surviving.

7 I come here today to add my voice to those of you
8 who are doing the hard backbreaking work to transform my
9 community. You often times don't hear enough supportive
10 talk coming from the Central Valley. I am proud to put my
11 feet in bedrock and support high-speed rail. I've been a
12 staunch supporter the entire time, because you will help to
13 bring jobs to my community, help to clean up the air and
14 provide a new mode of transportation that my girls will be
15 able to enjoy.

16 I'm excited to add my support in every way that I
17 can. And I've been proud to partner with our mayor in
18 trying to bring resources back home to help support high-
19 speed rail.

20 I've taken tours in the District and seen the
21 hundreds of millions you've invested into our community,
22 putting hundreds of people in Fresno County back to work.
23 I've seen the first above-ground trusses, I think is what
24 it's called, but I've seen the work starting to happen.
25 And sometimes I think we get disconnected in government

1 where we feel that we're apart from the hard work that's
2 happening each and every day. And I'm here to add my
3 support to say I appreciate it, I support it, and anything
4 I can do to help, I would like to.

5 Thank you guys for the hard work you're doing
6 each and every day. And I want to hopefully introduce our
7 wonderful Mayor of Fresno, Ashley Swearengin.

8 CHAIRMAN RICHARD: Thank you very much.

9 Mayor Swearengin, welcome back.

10 MAYOR SWEARENGIN: Good morning Mr. Chair, Mr.
11 Vice Chair, Members of the Authority Board. Thank you so
12 much for the opportunity to be here today and to provide
13 you a comprehensive update on high-speed rail activities in
14 Fresno, with most attention being paid to the Station Area
15 Plan and the station area work.

16 First, let me just start by saying thank you to
17 this Board for providing funding for us to begin. And now,
18 we're near completion of the Station Area Plan that is
19 going before our Council next week.

20 I also want to say thank you to the High-Speed
21 Rail Authority staff, Diana Gomez and Melissa DuMond and
22 Jeff Morales and the team that we've worked with. It has
23 been really, really good. We're extremely proud of, and
24 pleased with the product that we're going to be presenting
25 to you today, understanding there are still a lot of

1 details to work out. But conceptually and directionally we
2 feel like we have anchored the Station Area Plan in the
3 things that are going to benefit both the system as well as
4 our community.

5 I also just want to mention we have an awesome
6 delegation from Fresno here today. I'm going to ask them
7 to just briefly stand. If you're with the Fresno
8 delegation, can you please make your presence known? Some
9 of them will want to address you during public comment to
10 talk about their incredible work at the grass roots level
11 to help people access training that's available to work on
12 construction-related high-speed rail. Others will talk
13 about City Council action a few weeks ago to support high-
14 speed rail. So you will hear from a few of these folks as
15 the meeting goes on.

16 But thank you very much. You may be seated.

17 I wanted to make sure you know they've traveled
18 to be here with you.

19 So I'm going to ask in just a moment, our
20 consultant from AECOM to come up and go through just four
21 or five slides for you that really lay out the framework of
22 the Station Area Plan. But first let me just give you some
23 comments to sort of anchor the presentation. When we
24 started the Station Area Planning process -- I think it was
25 about three, two-and-a-half, three years ago -- that was

1 actually in the middle of what I believe is the most
2 comprehensive community-driven land use planning reform
3 that's been underway in the State of California, certainly
4 in the last decade and perhaps in many, many decades.

5 The City of Fresno committed in 2009, to do
6 everything that we needed to do at the local level, to
7 create an environment rich for investment in our inner
8 city. And we made that statement and that commitment
9 through our General Plan, which was adopted at the end of
10 2014, but also through the creation of the Fulton Corridor
11 Specific plan, which is our historic Central Business
12 District as well as the Downtown Neighborhood Community
13 Plan.

14 And just to kind of give you a sense of
15 reference, so the Station Area Plan that you're going to
16 hear about in just a moment is focused on 200 acres
17 surrounding the station itself. So it's that five-minute
18 walk radius around the station building that encompasses
19 200 acres. But that is the nesting doll sitting in the
20 middle of the Central Business District, which is 700
21 acres, which sits in the middle of our pre-WWII historic
22 neighborhoods in Fresno, which is a 7,000-acre area.

23 So when we came along to plan the station, we
24 already had planning underway for the Central Business
25 District as well as for the surrounding neighborhoods. It

1 is a very important principle for all of us in Fresno that
2 is anchored in our planning process that everything that
3 moves forward with High-Speed Rail will benefit the people
4 of Fresno. And we are intentionally looking for ways to
5 connect our neighborhoods to the station area, which is why
6 we've taken on these concentric circles of planning.

7 So when the Authority came to us and said, "Hey,
8 we've got some grant funding. We want you to plan the
9 station." We said, "That's great. A lot of things have
10 already been mapped out. We've already addressed a lot of
11 the housekeeping issues. We've already figured out the
12 street grid, the connectivity, the multi-modal
13 connectivity. And by the way, we've also created a new
14 zone district. We are pro-actively rezoning all the
15 property both in the station area as well as in the Fulton
16 Corners Specific Plan Area and the Downtown Neighborhood
17 Community Plan.

18 So what we'll be able to present to the
19 Authority, when all this is said and done, is really a
20 turnkey opportunity to develop the station as well as the
21 surrounding area.

22 I mentioned that next week our City Council will
23 take up the environmental clearance and adoption of that
24 Central Business District Plan, the Downtown Neighborhood
25 Community Plan and embedded in the Central Business

1 District Plan are the station area elements that you're
2 going to hear about.

3 Lastly, let me just also underscore we are
4 proactively rezoning all of this property, all right? So
5 the 7,000 acre area -- we've already rezoned the entire
6 city to be consistent with our General Plan. We will rezone
7 the 7,000 acres in this area to support the type of
8 investment and development that is outlined in the Station
9 Area Plan.

10 So with that, let me ask our consultant, Vaughan
11 from AECOM to come up. He'll walk you through a few
12 slides. And then we have just a few other comments to
13 conclude and then we'll let you get about your agenda.
14 Thank you.

15 CHAIRMAN RICHARD: Thank you, Mayor.

16 MR. DAVIES: Thank you, Mayor.

17 Thank you very much for having us this morning.
18 I'd like to echo the Mayor's sentiment and the wonderful
19 opportunity we've had and privilege to work with your staff
20 and the City, and build consensus with the team you see
21 here supporting the Mayor in this effort.

22 CHAIRMAN RICHARD: Excuse me. Could you just
23 state your name for the record, please?

24 MR. DAVIES: I apologize. Vaughan Davies with
25 AECOM.

1 CHAIRMAN RICHARD: Thank you.

2 MR. DAVIES: The Plan you see in front of you is
3 the current conditions in and around the station area. As
4 you can see there is a strong sense of vanity towards the
5 top of the slide, which is the downtown core of the City,
6 Fulton Street. Beyond that where the station is located in
7 the center, it pretty much falls apart with a series of
8 underdeveloped parcels in the City, ready and primed to
9 move forward as new development.

10 Our opening statement for this was that really we
11 want the station and the train to become part of Fresno's
12 front door. A great front door to the region, it builds a
13 common ground for new development within the region. It
14 hopes to be the engine and dynamo for new development that
15 will fill these gaps in the City and become a regional gate
16 way for people visiting the greater Central Valley.

17 The Plan really focuses on a couple of threshold
18 dates. Opening day is of prime importance to the City.
19 They want to make sure that the new station and the arrival
20 of the trains are greeted and welcomed into a great
21 beginning of this new open resurgence in Downtown. So to
22 that extent, there are great public spaces that have been
23 planned on both the Downtown side, the east side of the
24 station, as well as China Town on the west side. The west
25 is to the bottom of the slide. And the east is toward the

1 top of the slide.

2 There are a couple of urban blocks that will
3 connect us to some of the other initiatives the Mayor
4 mentioned, the Fulton Corridor which is underway right now,
5 to become revitalized. So some key urban blocks that will
6 connect the Downtown on day one as the station and trains
7 arrive in the City.

8 You'll see that there is surface parking that
9 will accommodate parking for High-speed Rail's needs in the
10 early stages of the Plan. This is intended to be replaced
11 over time with structured parking.

12 I think most important to the City is the
13 revitalization of the urban access. This is Mariposa, a
14 view from the station as one would arrive, looking in
15 towards the City of a great urban environment with ground
16 floor retail, urban uses above of live-work and play and
17 entertainment spaces as well, so a great rich environment
18 of streets and parks throughout the District.

19 On the opposite side of the station we have
20 created an intermodal spine that really serves the needs of
21 bringing people and offering people an opportunity to get
22 to High-speed Rail, to get to the trains, to be able to
23 bike to the trains, to be able to take a taxi, work the
24 City on the FAX buses and regional buses, so they drop them
25 off right at the front door. And we eliminate the need for

1 people to be driving their vehicles as much as possible
2 into the station.

3 This would be the anticipated final build-out, so
4 50 urban blocks of the City, each has been tested. As the
5 Mayor mentioned they have been planned for a good building
6 form with active ground for retail. And each block is
7 tested for residential and office uses, so the illustration
8 you see here shows a rich environment again of those public
9 realms, public spaces that set the tone for the new station
10 and the train to insert itself in the Downtown.

11 Some examples of some precedent and case studies
12 throughout the United States, and primarily in California
13 that we've looked at, that you probably are very familiar
14 with. But we see this as really a truly vibrant walking
15 pedestrian-first environment that is created around the
16 station.

17 And the image here you see is the 50 blocks fully
18 built out in the final build, with opportunities for
19 businesses and market rate uses to be applied to each of
20 the urban blocks. Thank you.

21 CHAIRMAN RICHARD: Thank you.

22 MAYOR SWEARENGIN: Thank you.

23 And just to wrap up, so the Station Area Master
24 Plan, which is embedded in this Fulton Corridor-specific
25 Plan has about a dozen key principles that we don't have

1 time to go through, but I did just want to reinforce too,
2 that are very important to the City of Fresno. The
3 Mariposa Alignment of the front door of the station? That
4 is the historic east-west spine of Downtown and it's the
5 alignment for all of the government buildings. So that is
6 an important principle that's built into this Plan, number
7 one. And number two, in the first 10 years, 15-20 years of
8 the station area build-out, we are very focused on
9 revitalization of the area that surrounds the station. We
10 see models in other countries where everything is self-
11 contained in the station building. And we think that's
12 where we need to be focused 20-25 years from now.

13 And clearly we need to, as the design process
14 moves forward for the building itself, the building would
15 need to be designed and phased in a manner that could
16 accommodate that sort of rich amenities inside the
17 building. But if that's where we start on opening day, we
18 choke off and kill the opportunity to revitalize the
19 surrounding area. So that's a real key principle for us
20 that's built into the Station Area Plan.

21 I also bring some good news today. The reason
22 for our quick exit here shortly is we're going to the
23 Strategic Growth Council to speak in support of a
24 recommendation by the Brown Administration that's been
25 supported by the State Legislature to create a new funding

1 source with Cap and Trade Funding called Transformative
2 Climate Communities. The Brown Administration has proposed
3 that half of those dollars, 50 percent, be dedicated to the
4 City of Fresno. The first round of that funding is 140
5 million. So that's 70 million that's targeted for
6 improvements and things that can leverage additional public
7 and private investment around the station area.

8 So we're going over there to say yes, thank you,
9 we want to see these dollars flow to Fresno. The things
10 we're presenting to you today we're not saying, "Okay.
11 Now, write the check." We are doing everything possible to
12 figure out how we can create that platform for development
13 and investment that leverages what High-Speed Rail is
14 doing. But we're looking to identify other funding sources
15 so it's not always put on the shoulders of the Authority.

16 We've been successful with the 70 million. We've
17 also in this round of Cap and Trade got an \$8 million to
18 improve transit connectivity throughout Fresno, with a
19 special focus on connecting to the station area. Also, on
20 the SGC agenda today is a \$20 million recommendation for
21 affordable housing and sustainable communities to fund two
22 projects. One of which is going to be the first TOD
23 Project next to a California High-speed Rail station. Our
24 South Stadium Development Phase 1 is included in those
25 recommendations. So things are definitely moving.

1 With that I have two other quick items. You've
2 been very generous with your time, we'll be brief. But
3 we've got members of the Fresno City Council here, our
4 Council President here, as well as Lee Ann Eager. They
5 wanted to come forward and present a special resolution for
6 you. And then I've got one other quick item and we'll step
7 aside.

8 CHAIRMAN RICHARD: Okay.

9 MAYOR SWEARENGIN: So Lee Ann, Council President
10 Paul Caprioglio, Council Member Oliver Baines and Council
11 Woman Esmeralda Soria.

12 CHAIRMAN RICHARD: Well, welcome to all three of
13 you, excuse me, all four of you. Thank you very much for
14 making the trek this morning.

15 Ms. Eager, are you starting to do the
16 introduction or is it the Council President?

17 MS. EAGER: I am.

18 CHAIRMAN RICHARD: Okay.

19 MS. EAGER: It's me. Good morning, Lee Ann
20 Eager, President and CEO of Fresno Economic Development
21 Corporation.

22 And you might remember the last time I was here I
23 said I was a little bit discouraged that I ran around the
24 state and talked to folks about high-speed rail and
25 everybody was very positive and then came back to my

1 community and heard that negativity. But what that did was
2 to tell us okay we have a little bit more work to do. It
3 wasn't, "Oh gee, we have to stop here." It's, "Let's get
4 in there and fight." So I want to thank Chairman Richard
5 and Jeff Morales for coming to Fresno to our City Council
6 Workshop.

7 It was really a turnaround day for all of us.
8 And what we did was we started looking at what are those
9 positive things again that we knew. And as Mayor
10 Swarengin said we've been working on this since 2009.
11 We've been talking to our businesses. We've been getting
12 people ready for those jobs that are coming. And so we
13 looked at -- we need to start looking at that again. We
14 need to start talking about those opportunities again.

15 So your visit there to our City Council certainly
16 was a welcome change for us. And one of the things that
17 happened after that is our City Council President Paul
18 Caprioglio, he had some questions about what was going
19 forward and you were able to answer those for us. And so I
20 want to introduce Mr. Caprioglio and he can tell you a
21 little bit about his journey in coming around.

22 CHAIRMAN RICHARD: Thank you. Welcome.

23 COUNCIL PRESIDENT CAPRIOGLIO: Good morning to
24 all of you. Paul Caprioglio, President of the Fresno City
25 Council and it's an honor for me to be here today. And I

1 wanted to talk about my journey. It's fascinating for me.

2 In 2012, when I was elected, some of my
3 constituents were not supportive of high-speed rail. And I
4 thought as the elected, my job is to be the messenger.
5 Well that's not my job and I found that out quickly. My
6 job is to be a leader. And to be a leader you must engage
7 in due diligence. That means critical thinking and
8 analysis.

9 And I engaged in that process over the last few
10 years. And the questions were still there. The pros, the
11 cons, the myths, all this was still rolling and rolling.
12 And so I thought "What's the best way to resolve this?"
13 And that's to call you folks and invite you to our
14 workshop. And Mr. Morales and Mr. Richard came down and we
15 put you in the hot seat. And there were some probing,
16 difficult questions. And your answers reminded me of last
17 night's game with the Giants. You hit it out of the park.
18 You hit it out of the park.

19 And it was just a moment for me to understand and
20 get rid of the myths, and understand and adopt the facts.
21 And understand the effect this will have on our community,
22 both the Central Valley as well as the entire state and
23 eventually the nation. So with that it's a pleasure for me
24 to support this resolution. And I just have one ask of you
25 in that you strongly support our resolution too.

1 So thank you very much.

2 CHAIRMAN RICHARD: Thank you very much,
3 Councilmember.

4 MALE SPEAKER: Council President.

5 CHAIRMAN RICHARD: Yes, I know that. (Laughter.)
6 I was saying it generically.

7 Council President Caprioglio, thank you so much
8 for coming here today.

9 MR. CAPRIOGLIO: Thank you, Mr. Chairman.

10 And then I'd like to introduce a colleague of
11 mine, Esmeralda Soria, who serves on the Council with me.

12 CHAIRMAN RICHARD: Yes. It was certainly a
13 pleasure to be with you all in Fresno, yes.

14 COUNCILMEMBER SORIA: Good morning Chairman and
15 Vice Chairman and Board Members. Thank you for giving me a
16 minute to be here and stand before you as a strong
17 supporter of high-speed rail.

18 I'm a strong supporter from day one. I still
19 remember being very young, growing up -- I grew up in a
20 small rural community before representing Fresno -- and
21 talking about the concept of high-speed rail and so a
22 strong supporter. As a young person, I'm in my thirties,
23 and so I believe that this project really demonstrates the
24 future of our state. And so I'm very proud to stand here
25 in support of this project. And I want to thank you guys

1 for the investment that you guys are making.

2 For a long time the Valley has gone unnoticed and
3 so this investment is going to transform not only the City
4 of Fresno, but our entire region, and so very grateful for
5 that. I know that this is a piece of the puzzle for really
6 bringing economic development to our community, which is so
7 much needed, especially in those neighborhoods that for so
8 long have been neglected. And so I just want to make sure
9 that you guys know that I'm a strong supporter.

10 I am in my second year. So if I do get re-
11 elected, I have the opportunity to serve this great city
12 for six more years. And so my promise to all of you is to
13 continue championing this issue, so that the benefits are
14 really experienced in our community. And I've seen them
15 through the tours that we've taken with Diana.

16 I'm really looking at the jobs and the
17 construction is very, very heart warming to see people back
18 to work. And to see bridges being built, which is
19 something that I hadn't experienced before. So I'm very
20 grateful.

21 And just so you know, I'm very proud also to sit
22 on a Council that has been instrumental and has taken a
23 leadership position in really supporting this great
24 project. So I want to thank you all for the hard work that
25 you guys do to continue moving this forward.

1 CHAIRMAN RICHARD: Councilmember Soria, thank you
2 very much.

3 Councilmember Oliver Baines.

4 COUNCILMEMBER BAINES: Good morning Chairman and
5 Members of the Board, and a special good morning to my
6 Chairman, Vice Chairman Tom Richards.

7 Council President Caprioglio talked about this
8 journey that our Council went on. We understand that you
9 all are on a journey as well. And I get the distinct honor
10 of kind of cleaning up the presentation from the Fresno
11 City Council.

12 And you've heard a lot about our resolution that
13 we passed a couple of weeks ago. Well I'm here to, in
14 fact, tell you we do have one. And we have evidence of
15 one. And so we're going to pass this out to the Members of
16 the Board. I'm going to hold one back simply, because I
17 want to -- there's an important line I want to read in
18 here. But this is a very proud day for us as Members of
19 the Fresno City Council.

20 Once again, we believe we are setting the bar,
21 and setting the trend for this project, as we have always
22 done. We have our fearless leader here, Lee Ann Eager, who
23 has been coming to these meetings for the better part of
24 nine years. Fresno has been has been first. Fresno has
25 set the bar. And Fresno is prepared.

1 As you heard, our Mayor spoke a moment ago about
2 all the preparations that are taking place. We want this
3 Board, and we want the members of the public, to know what
4 we're doing to prepare for this project. But more than
5 preparing, I think it's important -- words matter -- and
6 it's important to demonstrate our support. And that
7 actually does matter.

8 So while we are preparing for the benefits, as
9 are other areas throughout this great state and the Central
10 Valley are, we're all preparing for what the benefits of
11 high-speed rail are. But it is important to note that we
12 support this project. The Fresno City Council supports
13 high-speed rail unequivocally. And I want to read the line
14 in there that memorializes that for this body and for all
15 to hear.

16 And by the way, I didn't mention this. I am the
17 author of this resolution. So that's why they let me speak
18 last.

19 "Now, therefore it be resolved by the Council of
20 the City of Fresno, as follows: The Fresno City Council
21 fully supports the High-Speed Rail Project including the
22 location of facilities such as the heavy and light
23 maintenance facilities, train manufacturing, and passenger
24 station in or near the City of Fresno. And direct staff to
25 transmit this resolution to the Office of the Governor and

1 the California High-Speed Rail Authority."

2 But I want you to go back to that first line. I
3 said, "We fully support this project." It is important. I
4 believe we may be the only jurisdiction in the Central
5 Valley to say those words and memorialize them. And I
6 think that's important. So while we are prepared for all
7 of the wonderful things that are happening, there are many
8 other ways we are being prepared. We want you to know that
9 not only are we prepared for the greatness of the project,
10 that we fully support it as well.

11 Thank you, Members of the Board, for indulging us
12 in this moment.

13 CHAIRMAN RICHARD: Thank you -- if I could say
14 just one quick thing -- thank you Councilmember Baines.

15 You know, Council President Caprioglio said that
16 he hopes that we will support you in turn and support this
17 resolution. And I just want to say two quick things,
18 because I know you have to move on.

19 When I was appointed five years ago, the Project
20 was in the midst of controversy about starting in the
21 Central Valley. And a very good friend mine, who's a
22 political observer said, "It's the Central Valley's turn.
23 This area has been underinvested, overlooked for decades by
24 leaders in California. And it's the Central Valley's
25 turn."

1 Members of this Board represent the entire state.
2 We don't represent districts although Board Members very
3 proudly represent communities they come from, but our focus
4 is the entire state. The Central Valley and the City of
5 Fresno is the right place to start this project.

6 And I believe I speak for all my colleagues when
7 I say that we appreciate very deeply the action that you've
8 taken. Mr. Morales and I were privileged to come and spend
9 a long time with a Board that was deeply interested in
10 getting to the facts. That's not always an opportunity
11 that we have. And so we thank you for that. And we thank
12 you for this resolution and we are very proud to be
13 starting high-speed rail in the Central Valley, in the
14 Fresno and Madera area where we're building. And you will
15 have our continued support.

16 Let me just ask my colleague who is a proud
17 resident of Fresno, Vice Chair Tom Richards, if he'd like
18 to add any comments.

19 VICE CHAIR RICHARDS: Thank you, Mr. Chairman.

20 I think to my colleagues up here I think with
21 what you've seen today -- and I know you're equally as
22 proud of those areas of California that you live -- but I
23 think that you can understand now why I have always been,
24 and spoken so highly about the place I come from -- Fresno
25 California. And the group of people before you that

1 represent the kind of leadership that has drawn us to the
2 position that we are today. I don't know any place, and
3 I'm obviously biased, but I don't know any place in
4 California where you can find better, more enthusiastic,
5 committed leadership than what you've seen today.

6 And Joaquin Arambula -- what a great new adjunct
7 to the leadership from Central California, and to a great
8 extent from the City of Fresno with your District -- but
9 the effort that you put into this, and our Council
10 President Paul Caprioglio, and the draftsmanship of
11 Councilmember Baines. The sad and future, unfortunately 84
12 or 83 days now, the loss of our Mayor, but who's going to
13 retain a very strong presence and leadership in our area.

14 This is why it's hard to find a better place than
15 Fresno, California. Thank you very much.

16 MAYOR SWEARENGIN: Thank you --

17 CHAIRMAN RICHARD: Thank you all again for coming
18 today.

19 MAYOR SWEARENGIN: -- Mr. Chair? I apologize,
20 I've got one more quick item. I promise it's 20 seconds.

21 So on Thursday of this week -- so we have really
22 important Council actions next Thursday, we'll adopt these
23 plans and environmentally clear them -- Thursday of this
24 week our Council will very likely vote to support procuring
25 the property for the heavy maintenance facility for our

1 proposed location. So we should have the property under
2 control as a result of that action here within the coming
3 week. So with that, thank you so much.

4 CHAIRMAN RICHARD: Wait. Will you invite Max
5 Rodriguez to your meeting when you're doing that?

6 MAYOR SWEARENGIN: I have a feeling they might be
7 paying close attention, as they are now, and we to them.
8 But anyway we're taking all steps that we need to do to be
9 ready. Thank you.

10 CHAIRMAN RICHARD: Okay. And then Mayor, just as
11 you leave, let me just wish you luck at the Strategic
12 Growth Council and tell you that we'll probably not be --
13 we will not be acting on our item today relating to the
14 request for qualifications for a Fresno station design.
15 And the reason for that is because we want to put that
16 effort through a more comprehensive process.

17 We'll be looking -- we'll be starting today a
18 Transit-Land Use Committee. We'll be working very closely
19 with you to make the Fresno Station as dynamic and positive
20 in its impact on Fresno as possible. So we look forward to
21 that work.

22 MAYOR SWEARENGIN: Thank you.

23 CHAIRMAN RICHARD: Thank you all again for coming
24 today.

25 Okay we will move through our remaining public

1 comment list. And as we do, we do ask elected
2 representatives to go first. And so I'm very pleased our
3 next speaker is the Honorable Max Rodriguez, Supervisor
4 from Madera County. And the Supervisor has a very short
5 three minute video he wants to show us.

6 SUPERVISOR RODRIGUEZ: Good morning, Mr. Chairman
7 and Members of the Authority. My name is Max Rodriguez,
8 Supervisor Madera County. I'm with the Wye Madera County,
9 a group of community leaders committed to locating the
10 high-speed rail heavy maintenance facility in Madera
11 County.

12 I've been in support of high-speed rail forever.
13 And even though my compadres in Madera -- a lot of them,
14 especially Eric -- they gave us a lot a trouble. But you
15 know what? They're coming around. Everybody is -- not
16 everybody -- but the majority of the people are coming
17 around.

18 The people that live there, we're -- when Fresno
19 County talks about needing help as far as jobs, Madera is
20 in worse condition than that. And I think you would be
21 doing a great service to the state and the country if you
22 help us out in Madera County. We are community leaders,
23 business leaders, educators and private residents. We
24 produced a video in support of this effort. I'll let it
25 speak for itself.

1 Also, I would like to extend an invitation to the
2 Authority to host a meeting in Madera County. We would
3 really appreciate that, because the people want to know --
4 they want to meet you guys. You guys are great people.
5 You have beautiful staffs. Diana, Jeff, you have great
6 people. And we want you guys to meet the people of Madera
7 County. So it'll work both ways. They get to know you,
8 you get to know us.

9 So thank you very much.

10 CHAIRMAN RICHARD: Thank you, Supervisor.

11 (VIDEO: Narrative from officials.)

12 BILL COATE: (Historian, City of Madera) "Madera
13 was founded in 1876, four years after the railroad came in.
14 Madera had to build its own depo, because the Southern
15 Pacific wouldn't. It wasn't part of their plan."

16 (Music begins and builds throughout video.)

17 "The railroad put it on its schedule and they
18 would stop here. Agriculture found its home here and it
19 just grew and grew and grew. It all just funnels back to a
20 single cause. If the railroad had not come through in
21 1872, there wouldn't be any Madera. And the means of that
22 growth were those steel rails."

23 ANDY MEDELLIN: (Mayor-elect, City of Madera) "I
24 think it's in the education stage right now. There's a lot
25 of folks that maybe don't quite understand what's going on

1 with high-speed rail in its infancy. But that would be
2 another plus in Madera's wanting to acquire the heavy
3 maintenance facility. We can get this done very quick. We
4 have single-parcel owners, partners like the City of
5 Madera, the County of Madera, that will work together to
6 get this done as quick as possible."

7 "I think in the short-term three-to-five years,
8 and ten years from now, you will not recognize Madera. It
9 will be the place to live. What you will do to move the
10 needle and take us from double-digit unemployment to
11 single-digit unemployment will have an effect in the entire
12 State of California. Madera's where you need to be."

13 EDWARD GONZALEZ: (Superintendent, Madera Unified
14 School District) "You have the three largest agencies of
15 the County: the County of Madera, the City of Madera, and
16 Madera Unified School District, all working in tandem for
17 the transformation of an entire community and its region.
18 It's going to prevent miscommunication. It's going to save
19 time. It's going to align resources for better allocation.
20 It's going to provide better communication to the citizenry
21 and that saves time, the taxpayer's dollar goes farther,
22 and you will see results quicker."

23 "We're almost equi-distant between UC Merced 35
24 miles to the north, and Fresno State 27 miles to the
25 southeast. Madera Unified School District is one of the

1 leaders in career technical educations in the Valley
2 certainly, and probably statewide. We've received
3 recognition from Sacramento and other places, because of
4 the integration of our career pathways in high schools.
5 And those integrated pathways are going to produce
6 certified and job and career-ready workers for the heavy
7 maintenance facility. Things get done in Madera."

8 BOBBY KAHN: (Executive Director, Madera County
9 EDC) "We're a central location that's very regional as far
10 as workforce goes. Our workforce is derived from areas as
11 far as Fresno, Merced, Mariposa, even some places beyond
12 that. Locating close to the Wye, close to infrastructure
13 like the BNSF Railroad, Highway 99, the UP tracks and
14 having existing infrastructure close by if not already on
15 the site, makes it a much easier and cheaper place to do
16 business on an ongoing basis."

17 "When you look at the 30-year pictures that's
18 when you're really going to see a big difference."

19 BRETT FRAZIER: (Supervisor, Madera County) "When
20 you go through this process you have to keep all your
21 options open. I understand that with the high-speed rail
22 and, you know, by Fresno and Kern County still being
23 involved, it makes us just that much more competitive, you
24 know? We have to look for better ways to do things for the
25 Authority and kind of reverse-engineer. If this is what

1 the rules are and this is what our competition is doing,
2 how can we be better?"

3 "I'm a firm believer in competition and I believe
4 that those other sites are just making us better. And it's
5 going to make the project, in the long run better, because
6 we're able to provide a better location for the high-speed
7 rail."

8 "Our sites are already environmentally cleared.
9 One of our sites is zoned industrial. It's shove-ready.
10 It's ready to go the day after they purchase it."

11 "When we set out to do this a lot of uncertainty
12 and angst against high-speed rail was that it's going to
13 coast way too much money. Well, we thought as Wye Madera
14 County, if it's going to come through here and we're
15 worried about where the costs are going, let's figure out a
16 way to make it cheaper for them so that we can control
17 costs where we're helpful."

18 "In Madera County, you choose where you want it
19 to be. We'll go talk to that person and they'll sell it to
20 you tomorrow. We're ready to go. We're ready to put
21 shovels in the dirt and start building. If you want to
22 build, then come to Madera County."

23 WASEEM AHMED: (Mayor, City of Chowchilla) "We
24 are at the epicenter of the Wye. We are right in the
25 middle of it. It would make more sense locating in Madera

1 County versus somewhere else. It's a regional project. We
2 are right where the proposed tracks are. We're trying to
3 do what we can to help and move the project along. Being
4 right at the Wye, and with the single-land owner, and
5 having land which is already zoned for the public facility,
6 I think this will be the best location."

7 "With the double-digit unemployment I think that
8 will definitely help to create jobs (indiscernible) areas.
9 That is a win-win for everyone."

10 MAX RODRIGUEZ: (Supervisor, City of Madera)
11 "High-speed rail has been a passion of mine since its
12 conception. I think it's a great thing for the County of
13 Madera and for the State of California. We have the
14 infrastructure here. One of the sites have an
15 (indiscernible) station. We have the railroad. We have
16 the railroad. We have the roads, the highways, it's all
17 here. All the utilities, ready to go, ready to be
18 connected to this project."

19 "In other areas they have multiple owners, and
20 it's hard to negotiate with multiple people. Our sites
21 have one owner and they're all willing to negotiate with
22 the high-speed rail."

23 "Why would they want to go to an area where the
24 land is very expensive and they have no infrastructure? We
25 have it here and we have the longest stretch of track

1 that's going to be built. And we have to build a good
2 product, a product we can be proud of. And I think we're
3 going to do it. We all understand that we have to do it
4 cheaper and faster and smarter."

5 (VIDEO: Ends.)

6 CHAIRMAN RICHARD: Thank you very much. And --
7 (Video begins to play again, briefly.)

8 BOARD MEMBER SCHENK: What year was Madera
9 founded? (Laughter.)

10 CHAIRMAN RICHARD: Supervisor, let me thank you
11 very much. That's a very impressive video with very high
12 production quality and sincere sentiments from your
13 community.

14 And for me one of the most rewarding things of
15 serving on this is getting to know these various
16 communities across California and seeing how proud people
17 are of the places they live. And so thank you very much
18 for that presentation and the conversation that we had.
19 And we look forward to continuing to work with Madera
20 County. So thank you.

21 Moving through our other public speakers today
22 next will be Mr. Ted Hart. He'll be followed by Bo
23 Reynolds.

24 Good morning, Mr. Hart.

25 MR. HART: Good morning. Good morning, it's been

1 a while since I missed a couple of meetings.

2 And I was pleased to hear you speak to the point
3 that the point that this Board represents the entire state,
4 because the issue that I keep talking about is the entire
5 state. And that's been for a period of about the last six
6 years. And that is the cost of Segment 2.

7 And it, of course, is under the statutory
8 requirements for the Business Plan. And I know that I read
9 this to you a number of times, but basically what it says
10 is that the state highway system and the estimated capital
11 cost for each segment or combination of segments. But I
12 know you already know all that.

13 In addition to that, at the back of the 2016
14 Business Plan you've checked off that the statutory
15 requirements have been met. Well I've been in front of you
16 so many times trying to figure out why they've not been
17 met. And so I decided to run the entire thing down.

18 That took me first to the Public Utilities
19 Commission. I figured that since this is what's there and
20 that supposedly is statutory, certainly they would be the
21 ones that would give me an answer as to whether you are in
22 compliance or not. Well, as we move through government,
23 and we get in this myriad of morass that is normally there,
24 it certainly occurred at the Public Utilities Commission.
25 And I spent like five weeks finally getting an answer back

1 that, "No, what you really need to do is go to the
2 Legislature," that they didn't want to offer that.

3 So I contacted Senator Ted Gaines' office and
4 asked what they might be able to do, to get us some sort of
5 an answer. They then went ahead and contacted the
6 Legislative Council. And the Council on Friday, at least
7 verbally, got back to them, they got back to me. And what
8 it really amounted to was they said the Authority is
9 required to respond to the Code.

10 Now, they also threw a caveat in there that you
11 guys can dance around this and probably somehow figure out
12 that you don't need to do that. But let's set the legal
13 part aside. I'm not interested in pursuing that. Forget
14 the legal issues. Let's follow what's a reasonable
15 expectation of the voters who voted for Prop 1A.

16 And they want to know what the estimated total
17 cost for the entire statewide system is? And my estimate,
18 which is approximate, is \$98 million. And when you
19 actually see that number in front of you, it's frightening.
20 Then this Board needs to lay out, in detail, exactly where
21 this money's going to come from to support this very, very
22 big number.

23 It's kind of interesting, last night my great
24 grandson came over. And we were talking -- he's in the
25 seventh grade -- and he said, "How come you spend so much

1 time on high-speed rail?" And I said, "Well, part of it
2 is, is because I'm concerned about your position as to
3 who's going to pay for this." The next question was,
4 "Well, how much is it going to cost?" And I said, "Well,
5 it's going to cost, at the present time, 64 billion from
6 Los Angeles to San Francisco." And he said then, "Well,
7 what about Sacramento since we live in this area?" And I
8 said, "That is a number that I can throw out and tell you
9 that it's probably an additional 34 billion, but it's not
10 confirmed by the Rail Authority."

11 So until you tell the voters the total statewide
12 cost I just don't see how you can claim transparency any
13 longer. It's either one or the other. Cost is
14 transparency, put the cost up there, you now claim the
15 transparency. No cost, no transparency. Thanks for your
16 time.

17 CHAIRMAN RICHARD: Thank you, Mr. Hart.

18 Mr. Bo Reynolds followed by Reverend Richard
19 Daniels. Did they go with the Fresno group?

20 UNIDENTIFIED FEMALE SPEAKER: I think they did,
21 yes.

22 CHAIRMAN RICHARD: Okay. I apologize, not
23 realizing they were part of that group before.

24 Let me also say I indicated that we take elected
25 officials first. I neglected to see that we have John

1 Chavez, Councilmember from Chowchilla, so if I could ask
2 the Councilmember to come forward? And he'll be followed
3 by Brian Haddix, the City Administrator from Chowchilla.

4 Councilmember, I apologize for overlooking that.

5 COUNCILMEMBER CHAVEZ: That's okay. Thank you.
6 I'm John Chavez, City of Chowchilla, City Council.

7 I'm here on -- I was asked to speak on behalf of
8 our next-door neighbors in the Fairmead community who could
9 not attend the meeting today. For the sake of context,
10 Fairmead is in the Chowchilla sphere of influence and will
11 at some point in the future be incorporated into
12 Chowchilla.

13 The residents of this unincorporated area of
14 Madera County south, south east of Chowchilla City limits,
15 are greatly concerned about whether the routes of the High-
16 Speed Rail Project will align in the Chowchilla Wye Study
17 Area. Some proposed routes have the potential to eliminate
18 key elements of our community, including our elementary
19 school. And this is very disturbing to all of us who live
20 in Fairmead.

21 Our long history begins in 1912 as a model
22 farming community. All this changed in 1930 when
23 groundwater challenges caused the developers and promoters
24 to abandon the dream. By that time however, the settlement
25 was home to many families with many more on the way.

1 Fairmead is home to African-American families who
2 migrated out of the segregated Deep South. There are
3 immigrants from Mexico, hoping for the promise of a better
4 life. There are decedents of refugees from the Oklahoma
5 Dust Bowl. And it is home to elderly adventurers who
6 sought only a little land and a quiet place in which to
7 live out their fixed-income retirement.

8 There are many challenges to living in Fairmead,
9 but it is those challenges that help bind everyone together
10 in the community. And despite these challenges residents
11 remain diligent to survive and retain a connection to their
12 rich history, one that has been integral to the Central
13 Valley agricultural heritage.

14 Fairmead does not want to disappear like other
15 past Central Valley settlements, particularly in the life
16 fact that decisions of the Board can keep this from
17 happening. The residents of Fairmead don't want to lose
18 their history, nor do they want to lose their future to
19 high-speed rail. Quite simply, Fairmead residents just
20 want high-speed rail to go around Fairmead. The best way
21 to mitigate the impact that high-speed rail will have on
22 our community is not to impact our community at all.

23 This can be achieved by choosing the more
24 southernly of the two east-west segments under
25 consideration. We in Fairmead are fully committed in our

1 support of Avenue 21 versus State Route 152, because it
2 both achieves the goals of high-speed rail while going
3 around Fairmead. Why cut a swath through our community
4 when they don't have to?

5 We are also supporting the newly proposed
6 alignment along Road 11. This north-south route avoids all
7 impact to our community and protects Chowchilla too.

8 The selection of both of these routes will ensure
9 that the High-Speed Rail Project will bypass Fairmead and
10 leave intact the community that can continue to solve its
11 challenges and move towards a brighter and productive
12 future. We in Fairmead appreciate the opportunity to share
13 a position, one in the consensus with the City of
14 Chowchilla and the surrounding agricultural neighbors, with
15 you, the High-speed Rail Authority Board today's meeting.

16 We hope that you will recognize our history and
17 consider Fairmead as a worthwhile part of the future of the
18 Central Valley. We also hope that you will value, as we
19 do, our history merits, our abilities to continue building
20 our legacy, the ones we have forged and the ones we want to
21 preserve as part of our lasting heritage. Thank you.

22 CHAIRMAN RICHARD: Thank you, Councilmember. I
23 appreciate your coming today.

24 Mr. Haddix? He'll be followed by Alan Scott.

25 MR. HADDIX: Good morning Chairman and Board

1 Members.

2 First, thank you for the opportunity to come
3 before you. I just want to remind you that Chowchilla's a
4 great community. We have a lot going on right now. We
5 have new housing being built. We have a revitalized
6 Downtown whose buildings are being restored back into the
7 original architectural style of the Valley, keeping its
8 distinctiveness in place. We also have new retail coming
9 in.

10 But I'd like reiterate Chowchilla's position,
11 which is we are ground zero for the Wye. We are where all
12 points come together. Also, since 2010, Chowchilla has
13 supported the high-speed Rail. It's just a matter of how
14 the alignments go. And so to that point, the Council has
15 consistently for the last six years stayed with advocating
16 for Avenue 21 and being away from Road 19. I appreciate
17 the work of the High-Speed Rail staff in now proposing Road
18 11. That gets us halfway there, because that moves us
19 quite a bit away from the community of Chowchilla on the
20 north-south corridor.

21 When it comes to the east-west corridor, as
22 you've heard the Councilmember speak, Avenue 21 has a lot
23 of advantages over 152, because as Chowchilla Downtown and
24 community grows, the industrial area is also growing. And
25 we expect to be seeing some new activity coming about at

1 the first of the year with some commitments for some
2 industrial growth, bringing in value-added jobs. The
3 Valley has had a history of minimum-wage jobs. This is a
4 chance for families to begin planning a future through
5 value-added jobs.

6 Avenue 21 avoids creating a barrier between
7 Fairmead and Chowchilla as both communities grow. And it
8 allows all communities to rise equally with 21 going around
9 Chowchilla and Fairmead instead of cutting right through
10 the middle as 152 does.

11 And then lastly, when it comes to the heavy
12 maintenance facility, as you heard my colleagues from
13 Madera County, and as you look at Chowchilla and all of
14 Madera County, this is the wild card year. This is an even
15 numbered year, sort of like the Giants. We're looking
16 forward to it.

17 CHAIRMAN RICHARD: Thank you, Mr. Haddix.

18 Next, Mr. Alan Scott followed by Mr. Ross
19 Browning.

20 MR. SCOTT: Dear Governor Brown, Chairman
21 Richard, Board Members and CEO Morales. My name is Alan
22 Scott. I come from Kings County and I'm standing up for
23 what is right, full disclosure.

24 Currently, there are serious concerns regarding
25 the adherence to proper qualification governance of this

1 fractured legacy project, now dominated by massive amounts
2 of extremely questionable costly political shenanigans. I
3 will highlight some of these most disconcerting issues that
4 have been beset this project.

5 It is abundantly clear that adherence to
6 competent management competencies would have eliminated
7 most if not all of these issues. Example, CP1, contract
8 awarded audit 18 months in advance causing penalties of
9 more than \$40 million. Lost monies, lost opportunities to
10 the taxpayers and without their knowledge. They didn't
11 know they had to pay this extra money.

12 CP2-3 contract awarded, pulled eight days from
13 the initial approval. Some 18 months later it was approved
14 without competent mitigation with the majority of the major
15 issues. As a result this caused delays, additional
16 expenses and beyond comprehension, and without question,
17 too many more to address today. Transparency, I believe,
18 is what was talked about a minute ago.

19 You're taking of property has been less than
20 stellar. Even national publications have noted your
21 difficulties in this specific arena. Hence, you are now
22 seriously behind the proverbial eight ball.

23 Your failure in September of 2011 Board Meeting,
24 by not recognizing that competent engineering reports
25 submitted stated you cannot traverse the two southern

1 mountain ranges in either direction. Your failure created
2 a five-year delay with untold amounts of wasted taxpayer
3 funds, again without their knowledge. Once again, taxpayer
4 dollars poured down that unaudited CHRSA rat hole -- again,
5 physical accountability.

6 We've heard people up here championing this whole
7 project and everything else. I have no problem with
8 infrastructure improvements. What I have a problem with is
9 not doing it right.

10 Now the granddaddy of all failures. The new
11 alignment from somewhere to nowhere is absolutely beyond a
12 doubt -- I just can't even talk about it -- it just doesn't
13 make any sense.

14 I talked -- went to my doctor the other day for
15 an annual exam and he asked me, "How's things going?" And
16 I said, "Well, if you can get off the train in Shafter,
17 you'll be okay." And he looked at me, stunned.

18 Furthermore a misrouted veto along with possible
19 questionable deals, especially in the book end area, have a
20 lot of serious physical questions unanswered again. It is
21 abundantly clear that taxpayers use of the dollars for this
22 project are heading down a very famous rat hole with
23 absolutely zero return for the citizens of California. You
24 have a fiduciary responsibility. You don't have any money.
25 You need to be telling us where it's going to come from.

1 Another speaker spoke to that just a minute ago.

2 Furthermore, the hype that's coming from the PR
3 side of the Authority needs to be curtailed. It's not
4 transparent. It's less than transparent. There are major
5 issues out there with money and everything else -- money
6 being the first one.

7 And in closing, November 4, 2008, by a slight
8 margin of 2 percent of the voters of California, approved
9 Proposition 1A with very stringent stipulations. Let me
10 repeat, with very stringent stipulations. The voters of
11 California did not vote for a legacy project. They voted
12 for an integrity project.

13 I thank you very much for your time and I
14 appreciate the opportunity.

15 CHAIRMAN RICHARD: Thank you, Mr. Scott.

16 Ross Browning followed by Frank Oliveira.

17 Mr. Browning, good morning.

18 MR. BROWNING: Good morning Governor Brown,
19 Chairman Richard, Board Members and CEO Morales. I'd like
20 to take a few minutes today to recalling things that were
21 highlighted in the past and they seemed to have dropped
22 below the horizon lately.

23 First of these is a proposal to use the track in
24 the Central Valley as a testbed to demonstrate and prove
25 high-speed operations. I wasn't too wild about sacrificing

1 things for a testbed, but they said they were going to
2 incorporate it into the overall line. The Valley was
3 deemed necessary as a long straight track was required.

4 At the last two outreach meetings the alignment
5 shown was identified as the final alignment. In looking at
6 this final alignment it sure looks about as crooked as a
7 dog's hind leg. I don't see how you're ever going to get
8 any speed out of that. So I would ask you to please
9 identify the track section that's going to be used for this
10 high-speed test.

11 Other items I find that other people have already
12 talked about, but I'm just going to bring them up. They've
13 been hot items in the past. They haven't been completed.
14 One is transparency. The other is ridership. The
15 ridership numbers were faulty. And in an era when they
16 were released, they're still faulty. They're still in
17 error.

18 A list of private investors who we keep hearing
19 is right around the corner. They're just lining up.
20 Identify some of them. And then funds from other
21 government sources. It's a good idea to identify those at
22 some time in the future.

23 Thank you very much for your time.

24 CHAIRMAN RICHARD: Thank you, Mr. Browning.

25 Frank Oliveira followed by Roland Lebrun.

1 MR. OLIVEIRA: Good morning Governor Brown,
2 Chairman Richard, Board Members and CEO Morales. Since the
3 Governor vetoed AB 2847, which would have imposed
4 reasonable reporting requirements upon the Authority, and
5 expressed belief that you can police yourselves please
6 consider the following 17 facts and questions.

7 Fact number one, your Business Plan projects the
8 project be financed by yet to be captured quarterly Cap and
9 Trade proceeds for decades to come, without responsible
10 planning.

11 Fact number two, the Governor promoted your Plan.
12 Was that responsible governance?

13 Fact number three, your plan to use future Cap
14 and Trade funding was allowed by the Senate and Assembly
15 leadership. Was that responsible oversight?

16 Fact number four, the May Cap and Trade auction
17 shorted you around \$125 million per the California Resource
18 Board. What is your contingency for this situation?

19 Fact number five, the May Cap and Trade auction
20 shortage was not discussed at your June Board Meeting. Was
21 that responsible project management?

22 Fact number six, your July Board Meeting was
23 cancelled, suspicious timing in keeping with your loss of
24 \$125 million.

25 Fact number seven, your August Finance Committee

1 failed to discuss the missing \$125 million in cash flow.

2 Was that responsible project management?

3 Fact number eight, your August Finance Committee
4 offered no funding contingencies to address the missing
5 \$125 million in cash flow. Was that responsible project
6 management?

7 Fact number nine, the missing \$125 million in
8 cash flow eerily was not discussed at the August Board
9 Meeting. Was that responsible project management?

10 Fact number ten, your Board did not respond to
11 public questions regarding the missing \$125 million in cash
12 flow at your August Board Meeting. Was a demonstration of
13 your accountability to the public?

14 Fact number eleven, the August Cap and Trade
15 auction shorted you another \$125 million in cash flow and
16 you cancelled the September Board Meeting. Was that
17 responsible project management?

18 Fact number twelve, the September Finance
19 Committee was also cancelled. Was that a responsible
20 project management move?

21 Fact number thirteen, when the Cap and Trade
22 auction has shorted you plus or minus 90 percent of its
23 funding since May, that is a quarter of a billion dollars
24 so far. Is continued construction using this unreliable
25 funding source responsible?

1 Fact number fourteen, based on the Cap and Trade
2 auction performance you'll be shorted more than \$1.5
3 billion in cash flow by May 9th, 2019. Is continued
4 construction without a reliable funding source responsible?

5 Fact number fifteen, based on AB 32 the Cap and
6 Trade auctions will end in 2020. Without stable funding
7 sources, is construction responsible and even in sync with
8 your business plan?

9 Fact number sixteen, based on Prop 1A private
10 sector funds will be used to build the project, but none
11 exist after eight years. Without private funding and
12 without Cap and Trade funds, is continued construction
13 responsible?

14 Fact number seventeen, a discussion of your
15 missing \$250 million or your contingencies for future Cap
16 and Trade shortages is not reflected in today's agenda or
17 your Finance Committee's agenda. Did you solve the problem
18 internally?

19 Based on these seventeen facts you cannot build a
20 functional project. Is continued construction responsible?

21 Based on these seventeen facts you should be
22 aware by now that you are hemorrhaging Cap and Trade
23 funding. Are you going to publicly explain some day where
24 you're going to get the replacement for your lost cash
25 flow, or how you will secure funding in the future?

1 Based on these seventeen facts should the State
2 and Assembly leadership shut your project down until a
3 tangible funding source is identified or will they too
4 ignore the obvious?

5 The next Cap and Trade auction will be in
6 November. We will take your explanations after public
7 comment as we know it is not your practice to answer the
8 public's questions at the time that they're asked. Thank
9 you.

10 CHAIRMAN RICHARD: Thank you, Mr. Oliveira.

11 Roland Lebrun followed by Diana LaCome.

12 MR. LEBRUN: Good morning Chair Richard and Board
13 Members.

14 CHAIRMAN RICHARD: Good morning.

15 MR. LEBRUN: Unfortunately, I have to start my
16 comments today with serious issues with outreach in the
17 Peninsula and in South Santa Clara County. Specifically,
18 that Ms. Morgan Galli of Parsons Brinckerhoff refuses to
19 use the Authority's website to notify members of the public
20 of meeting dates and locations, leaving us to rely on the
21 City of Morgan Hill and others to provide this information.

22 Next, I would like to turn your attention to
23 basic issues with high-speed align design, starting with
24 alignment decisions. As you may recall you testified at
25 the federal hearing in San Francisco that trains should not

1 be going through densely populated areas at more than 125
2 miles an hour. So the question is why is your delivery
3 partner, a Mr. Gary Kennerley of Parsons Brinckerhoff in
4 particular, designing 250-mile-an-hour viaducts right
5 through South San Jose, Morgan Hill and Gilroy?

6 In closing I would like to touch on rail
7 evaluation, which you will be attending in San Francisco
8 tomorrow afternoon. And I would like to attract your
9 attention to the French presentation on LGV Sud-Quest
10 Atlantique, which is a line between Tours and Bordeaux. It
11 is a P3, with the French government responsible for
12 acquiring the right-of way and the private sector investing
13 6 billion Euros to design, build and operate 200 miles of
14 high-speed line under a 50-year concession.

15 This line completely bypasses every single city
16 and does not have any stations on the line itself. So you
17 may like to invite these people at some point for a
18 presentation that explains how this business model can
19 possibly work.

20 Thank you very much.

21 CHAIRMAN RICHARD: Thank you, sir.

22 Diana LaCome followed by Paul Guerrero.

23 MS. LACOME: Good morning Chairman Richard, Board
24 Members. I'm Diana LaCome, President of APAC. Today I
25 have two items of interest. They're in the form of a

1 question to the Board.

2 The first is why does the electrification
3 contract with Caltrain have only 10 percent or under, a
4 goal for participation of small businesses? We understand
5 that this is just the first phase, so we are looking
6 forward to achieving the full 30 percent when the Peninsula
7 is completely electrified.

8 The second item is the supportive services
9 contract. The contract was awarded in January of this
10 year. Why have no services started? Why has there been no
11 notice to proceed? Small businesses that are working out
12 there need services. Many of them need assistance,
13 particularly if they're not familiar with the design-build,
14 which is taking place in this project.

15 So those are the two questions that I have for
16 you today. Thank you.

17 CHAIRMAN RICHARD: Okay. Thank you. We'll refer
18 those to the staff. And we do have a presentation on the
19 Small Business Program later.

20 Our final speaker this morning from the public is
21 Mr. Paul Guerrero. Good morning.

22 MR. GUERRERO: Good morning. Before I start,
23 just a housekeeping thing -- I think some of the delegation
24 may have left a binder here in the (indiscernible) Oh, was
25 that yours? Okay.

1 When a transportation project runs through a city
2 the easiest area to disrupt is the area occupied by
3 minority and low-income persons. Title VI of the Civil
4 Rights Act recognizes that all public funds to which all
5 taxpayers of all races contribute cannot be spent in any
6 fashion which encourages or results in racial
7 discrimination. Executive Order 12898 takes Title VI a
8 step further to address environmental justice in minority
9 and low-income communities.

10 Environmental justice focuses attention on the
11 impact federally-funded projects have on minority and low-
12 income communities who live, work or have businesses, in or
13 about the right-of-way of federally-funded projects. The
14 environmental justice study examines proposed right-of-
15 ways, the impact each proposed route will have on the
16 population and the various negative impacts that can be
17 negated or minimized. These studies normally take one to
18 three years to perform and must be performed prior to final
19 selection of the route. These studies can run from between
20 \$100 to \$500,000.

21 The studies for the High-Speed Rail Madera to
22 Fresno and Fresno to Bakersfield were started in 2010 and
23 completed in 2015. They discuss homeless camps and their
24 relocation. They discuss the impact on business and how to
25 eliminate or minimize the impact. They examine population

1 and the wages they earn, the number of people living in
2 poverty. This is material that must be taken into account
3 before you can set or raise a fare.

4 At the last Board Meeting I asked why you had, in
5 June 2016, commissioned an environmental justice study from
6 San Francisco to San Jose when you are funding, not
7 building the project. The EJ study should have been done
8 by the Joint Powers Board who own the project and had been
9 performed before they let the construction for the contract
10 for electrification.

11 Mr. Tripousis responded that I was confused. He
12 had started a disparity study in June 2016, not an
13 environmental justice study. What I have given you is not
14 a disparity study. It is an environmental justice study
15 marked confidential on the cover. Who let the contract for
16 a confidential study that no one knows that exists?

17 And while it purports to be an environmental
18 justice study, to the experienced eye, it's worthless. A
19 third of the study, pages 18 to 24, lists community
20 organizations and 99 percent of the list are not minority
21 community organizations. You have a study of minority and
22 low-income residents that doesn't include minority and low-
23 income residents.

24 Again my question is why are you paying for a
25 worthless study that someone else should have performed

1 years ago? Who let the confidential contract that no one
2 knows exists to perform a study that is not needed? And
3 who is paying the bill? You are.

4 I urge you to look into this and find out what's
5 going on with this study. And it's not for raising the
6 fare, because I asked at the last Advisory Council Meeting
7 who is setting the fare from San Francisco to San Jose and
8 I was told Caltrain is. Thank you.

9 CHAIRMAN RICHARD: Thank you, Mr. Guerrero.

10 That completes the public comment portion of our
11 meeting today. Before I turn to the rest of the agenda I
12 do want to announce that there was a closed session of the
13 Board last night. And there are not actions that came out
14 of that to report.

15 With that we'll move to the regular order. The
16 first item is item two, consider approving the Board
17 minutes from both the May 10 and August 9th, 2016 meetings.
18 Do I have a motion?

19 BOARD MEMBER SCHENK: Motion for both.

20 CHAIRMAN RICHARD: Tom, can we do a motion for
21 both?

22 BOARD MEMBER SCHENK: Do you need two --

23 VICE CHAIR RICHARDS: Yes.

24 BOARD MEMBER SCHENK: -- motions or one?

25 CHAIRMAN RICHARD: One motion.

1 BOARD MEMBER SCHENK: One, so moved.

2 BOARD MEMBER ROSSI: Second.

3 CHAIRMAN RICHARD: Okay. It's been moved by
4 Director Schenk, seconded by Director Rossi. Will the
5 Secretary please call the role?

6 MS. THOMMEN: Director Schenk?

7 BOARD MEMBER SCHENK: Yes.

8 MS. THOMMEN: Vice Chair Richards?

9 VICE CHAIR RICHARDS: Yes.

10 MS. THOMMEN: Director Rossi?

11 BOARD MEMBER ROSSI: Yes.

12 MS. THOMMEN: Director Correa?

13 BOARD MEMBER CORREA: Aye.

14 MS. THOMMEN: Director Curtin?

15 BOARD MEMBER CURTIN: Yes.

16 MS. THOMMEN: Director Paskett?

17 BOARD MEMBER PASKETT:

18 MS. THOMMEN: Director Lowenthal?

19 BOARD MEMBER LOWENTHAL: Yes.

20 MS. THOMMEN: Chair Richard?

21 CHAIRMAN RICHARD: Yes, thank you.

22 Item three are some proposed revisions to the
23 Board's policies and procedures and to also update the
24 Committee jurisdiction.

25 Mr. Fellenz, I don't know if we need a big

1 presentation on this. Can you just --

2 MR. FELLEENZ: I think you captured it with what
3 you just stated. And I have attached the resolution that
4 shows the proposed changes, both updating the Finance and
5 Audit Committee jurisdictional description as well as
6 adding new language for the Transit --

7 CHAIRMAN RICHARD: Transit-Land Use Committee?

8 MR. FELLEENZ: Land Use Committee, yes.

9 CHAIRMAN RICHARD: Okay. Could I just ask,
10 Director Rossi and Vice Chair Richards, are the
11 jurisdiction changes to the Finance and Audit Committee
12 consistent with your views of what it should be?

13 VICE CHAIR RICHARDS: Well, I'm not too sure. I
14 would ask for the following changes or additions on the
15 bullet point review coordination with the Legislative
16 Analyst's Office and insert after that, in financial
17 reporting to FRA on annual reports, etcetera.

18 CHAIRMAN RICHARD: And financial reporting to the
19 Federal Rail Road Administration?

20 VICE CHAIR RICHARDS: Yes, uh-huh.

21 CHAIRMAN RICHARD: Okay.

22 VICE CHAIR RICHARDS: And a couple down, I think
23 the first one that's in red, "review of metrics to include
24 but not" -- insert, "to include, but not be limited to."

25 CHAIRMAN RICHARD: And that's prior to the words

1 "for right-of-way," correct?

2 VICE CHAIR RICHARDS: Correct.

3 CHAIRMAN RICHARD: Okay.

4 VICE CHAIR RICHARDS: And that's it.

5 CHAIRMAN RICHARD: And that's it. Okay.

6 And then for my part, on the Transit-Land Use
7 Committee on the very last bullet, "Recommend and advise on
8 policies," where it says, "While increasing High-speed Rail
9 ridership," and I wanted to add "and ancillary revenue
10 opportunities."

11 VICE CHAIR RICHARDS: Yeah.

12 CHAIRMAN RICHARD: Any other suggested changes or
13 comments or questions from Members? With that, may I have
14 a motion?

15 BOARD MEMBER ROSSI: So moved.

16 CHAIRMAN RICHARD: Okay, moved by Director Rossi.

17 BOARD MEMBER LOWENTHAL: Second.

18 CHAIRMAN RICHARD: Seconded by Director
19 Lowenthal. Will the Secretary please call the roll?

20 MS. THOMMEN: Director Schenk?

21 BOARD MEMBER SCHENK: Yes.

22 MS. THOMMEN: Vice Chair Richards?

23 VICE CHAIR RICHARDS: Yes.

24 MS. THOMMEN: Director Rossi?

25 BOARD MEMBER ROSSI: Yes.

1 MS. THOMMEN: Director Correa?

2 BOARD MEMBER CORREA: Yes.

3 MS. THOMMEN: Director Curtin?

4 BOARD MEMBER CURTIN: Yes.

5 MS. THOMMEN: Director Paskett?

6 BOARD MEMBER PASKETT:

7 MS. THOMMEN: Director Lowenthal?

8 BOARD MEMBER LOWENTHAL: Yes.

9 MS. THOMMEN: Chair Richard?

10 CHAIRMAN RICHARD: Yes.

11 Thank you, Mr. Fellenz, for your work on that. I
12 appreciate that.

13 Before we turn to the next item let me just say
14 that we will be removing item six from consideration, and
15 Mr. Morales and I discussed it this morning. That'll
16 include both the Station Area Design and the Operations
17 Control Center, because some members have questions and the
18 staff will work with them to further elucidate on that.

19 And I know we have some members who will need to
20 leave today, so I want to make sure we get to our two
21 action items. The next one is to consider approving a
22 contract with Pacific Gas and Electric Company for
23 engineering and permits associated with electrical
24 connections.

25 As a former officer of PG&E and someone who

1 receives pension benefits from PG&E, I'm going to be
2 recusing myself from consideration of this item. And I'll
3 hand the gavel to Vice Chair Richards. I'll be, as is
4 consistent with law leaving the room, so I don't take part
5 in the discussion or deliberations of this item. Thank
6 you.

7 VICE CHAIR RICHARDS: One moment please.

8 MR. VACCA: Sure.

9 (Chairman Richard recused himself.)

10 VICE CHAIR RICHARDS: Thank you, Mr. Vacca.

11 MR. VACCA: Good morning, Vice Chair Richards and
12 Members of the Board. I'm Frank Vacca, the Authority's
13 Chief Program Manager responsible for rail delivery. I'm
14 here before you today presenting Board item number four,
15 which seeks your approval for the Authority to enter into a
16 contract with PG&E for design services, design review
17 services, and acquisition of permits for PG&E facilities
18 related to our electrification.

19 California High-speed Rail trains will be
20 electrically powered and will require the design and
21 installation of interconnections with local utilities along
22 our alignment. High-speed rail substations will be located
23 at approximately 30-mile intervals, which equates to 10
24 substation locations in the PG&E territory between San Jose
25 and Bakersfield.

1 Each substation will require a utility connection
2 supplying the electricity from PG&E high voltage
3 transmission lines. Between PG&E transmission lines and
4 the Authority substations, switching station and
5 transmission will need to be constructed to supply the
6 needed power. We have been working with PG&E since 2012 to
7 identify power needs and appropriate site locations for
8 these interconnections from the PG&E Power Grid.

9 Two previous contracts have been executed with
10 PG&E: HSR 10-10 for \$500,000, which was completed in 2014,
11 which addressed preliminary feasibility and technical
12 studies for these sites. And HSR 14-37 for 4.98 million,
13 which is completing all the environmental information
14 required for the ten locations, developing the
15 environmental footprint, and associated studies.

16 This contract will require PG&E to complete the
17 design and engineering for the utility connections, as well
18 as identify and secure permits that we require for the
19 ultimate construction for these facilities.

20 In addition, this contract will provide for PG&E
21 plan reviews for Authority designs associated with our
22 portion of the interconnections.

23 This contract request is for a maximum amount of
24 \$36 million including a 15 percent contingency, and a
25 performance period to be completed by January 2019.

1 The Authority will be coming back to the Board
2 seeking approval for actual construction of these
3 facilities for power supply for the heavy maintenance
4 facility, once located, and for PG&E Power Grid
5 reinforcements if determined necessary in the future.

6 Before I open up for questions I would like to
7 make a clarification for the record regarding the
8 description of our estimate in the Board item. The Board
9 item lists the contingency as 15 percent and 100 percent,
10 which is incorrect. The contingency amount for this
11 estimate is 15 percent.

12 PG&E has five categories of estimates ranging
13 from a Class I estimate where the project is near a 100
14 percent design. The Class I estimate becomes the baseline
15 for construction estimating and scheduling. The last of
16 the five classifications is a Class V estimate, which
17 corresponds to projects in the very early planning phase
18 with design at 5 percent or less. Estimate associated with
19 this Board item is classified as a Class V estimate and it
20 does accommodate for the limited information that has been
21 developed at this timeline with both PG&E standards, the
22 Association for the Advance Electrical Cost Engineering
23 standards, and PG&E regulators. Therefore, within the
24 estimate line item the variability has been accounted for,
25 which is the result of the 100 percent.

1 So at this time I ask for the Board's approval of
2 this item and am prepared to answer any questions.

3 VICE CHAIR RICHARDS: Thank you.

4 Any questions for Mr. Vacca from Members of the
5 Board?

6 BOARD MEMBER ROSSI: Yeah, I have one.

7 VICE CHAIR RICHARDS: Yes, sir.

8 BOARD MEMBER ROSSI: All right, this is in the
9 CAPE segment of the budget?

10 MR. VACCA: This is in the Business Plan and in
11 the total budget, yes.

12 BOARD MEMBER ROSSI: It's in the CAPEX segment,
13 as far as go drill down into the CAPEX segment of the
14 budget. Would it align with these numbers?

15 MR. VACCA: It would be part of the
16 electrification. It's a subpart of the electrification
17 requirement, so it is in that line item.

18 CHIEF EXECUTIVE OFFICER MORALES: There's a cross
19 category called electric track in Phase 1, this is part of
20 that.

21 BOARD MEMBER ROSSI: I understand, yes. But what
22 I want to understand, as you look at that category the way
23 it's broken out, does it align? One of the problems with
24 not having an alignment when you do this is that you end of
25 at the end of the day possibly having spent more than was

1 anticipated, so you have to come in for overages. I'm just
2 asking is it aligned?

3 MR. VACCA: I would say yes it is aligned. It is
4 identified within the subset of the electrification line
5 item.

6 BOARD MEMBER ROSSI: Okay.

7 VICE CHAIR RICHARDS: Any other questions for
8 Mr. Vacca?

9 SENATOR LOWENTHAL: No.

10 VICE CHAIR RICHARDS: Jeff, do you have anything?

11 CHIEF EXECUTIVE OFFICER MORALES: No.

12 VICE CHAIR RICHARDS: All right, hearing none,
13 please call the roll -- or excuse me, do we have a motion?

14 BOARD MEMBER ROSSI: A motion, so moved.

15 VICE CHAIR RICHARDS: Thank you, Mr. Rossi.

16 Is there a second?

17 BOARD MEMBER SCHENK: Second.

18 VICE CHAIR RICHARDS: By Director Schenk.

19 Please call the roll.

20 MS. THOMMEN: Director Schenk?

21 BOARD MEMBER SCHENK: Yes.

22 MS. THOMMEN: Vice Chair Richards?

23 VICE CHAIR RICHARDS: Yes.

24 MS. THOMMEN: Director Rossi?

25 BOARD MEMBER ROSSI: Yes.

1 MS. THOMMEN: Director Correa?

2 BOARD MEMBER CORREA: Yes.

3 MS. THOMMEN: Director Curtin?

4 BOARD MEMBER CURTIN: Yes.

5 MS. THOMMEN: Director Lowenthal?

6 BOARD MEMBER LOWENTHAL: Yes.

7 MS. THOMMEN: Chair Richards?

8 CHAIRMAN RICHARD: (Recused)

9 VICE CHAIR RICHARDS: Will somebody get our Chair
10 please?

11 BOARD MEMBER SCHENK: Could I just -- I have one
12 more --

13 VICE CHAIR RICHARDS: Yes, please.

14 BOARD MEMBER SCHENK: I'd state again for the
15 record that many of us on the Authority availed ourselves
16 of an opportunity to have staff brief us on this issue and
17 it was a very good briefing. And so thank you very much.

18 VICE CHAIR RICHARDS: Thank you, Mr. Vacca.

19 MR. VACCA: Thank you.

20 BOARD MEMBER ROSSI: They can't find him.

21 VICE CHAIR RICHARDS: No, he's coming or we would
22 go ahead and start.

23 (Colloquy regarding Chair Richard who joins the
24 meeting during item number five.)

25 VICE CHAIR RICHARDS: All right, item number five

1 is to consider amending the contract for environmental and
2 engineering services on the Bakersfield to Palmdale Project
3 section with T.Y. Lin International.

4 Mark, are you going to -- yeah.

5 MR. MCLOUGHLIN: Good morning, Mr. Chair and
6 Board Members and the CEO Morales. I'm going to present
7 today item number five to consider amending the contract
8 for environmental engineering services for Bakersfield to
9 Palmdale Project section with T.Y. Lin International. I
10 also have Diana Gomez here who can also answer any other
11 questions from a community perspective stakeholder.

12 Staff is recommending the amendment of the T.Y.
13 Lin International contract in the amount of \$22.1 million,
14 in order to complete our environmental and engineering work
15 associated with the Bakersfield station, and alignment
16 through Kern County, which we're calling the Locally
17 Generated Alternative, LGA. And this work was not -- to
18 make a point this work was not included in the original
19 existing contract, so a little bit of history here.

20 In November 2013, the Board awarded T.Y. Lin
21 International the RC, Regional Consultant, contract for
22 Bakersfield to Palmdale. The contract was for \$46.1
23 million, up to five years of a contract term to advance the
24 work to environmental clearance to get to NOD and ROD for
25 that Bakersfield to Palmdale section.

1 Than in May in 2014, the Board directed staff to
2 work with the City of Bakersfield and other local
3 stakeholders on an alternative alignment through the City
4 of Bakersfield. And then again later that year in December
5 of 2014 the Authority entered into a settlement agreement
6 with the City of Bakersfield in which the Authority agreed
7 to work together on developing an alternative alignment
8 together through the City of Bakersfield and other
9 stakeholders.

10 So in order to continue the work for Bakersfield-
11 Palmdale section and to meet the terms of the settlement,
12 T.Y. Lin was issued a task order to advance this
13 engineering and environmental work associated with the LGA,
14 so using and utilizing T.Y. Lin to perform this work
15 allowed for immediate staff mobilization to address the
16 LGA. And to conduct the engineering and environmental work
17 necessary to get up to speed to ensure we have effective
18 coordination with Bakersfield and also Bakersfield-Palmdale
19 to ensure the EIR/EIS delivery for that schedule.

20 So with that is there any questions at all?

21 CHAIRMAN RICHARD: Okay, questions from Members
22 of the Board about this?

23 VICE CHAIR RICHARDS: Yeah, I have -- oh, go
24 ahead next.

25 BOARD MEMBER CURTIN: Yeah, I'm sorry.

1 CHAIRMAN RICHARD: We'll start with Director
2 Curtin and come down that line.

3 MR. CURTIN: So will there be any other issues
4 associated with the agreement, the LGA, whatever the
5 reference was, added costs associated with that agreement?

6 MR. MCLOUGHLIN: This is just specifically for
7 the engineering and environmental clearance, so engineering
8 to get to the environmental documents.

9 BOARD MEMBER CURTIN: Okay, so it was
10 unanticipated that that would be -- are there other issues
11 associated with that agreement that will end up changing
12 any budget items?

13 CHIEF EXECUTIVE OFFICER MORALES: No. We made
14 our best effort to ensure that this is it as far as it.
15 This gets us through environmental approval and you'll
16 recall that the Board approved the preliminary or we
17 presented the preliminary preferred alignment, which really
18 sets us on the course for environmental approval. And our
19 target is actually August of next year to have it
20 completed. And so this is capturing all the work that's
21 been done to lead up to that and to get to that completion
22 of the run.

23 BOARD MEMBER CURTIN: So if I remember correctly
24 the newer alignment or whatever the title was, preliminary
25 alignment, was actually going to be a cheaper alignment in

1 terms of construction costs?

2 CHIEF EXECUTIVE OFFICER MORALES: It is, yes.

3 BOARD MEMBER CURTIN: Is it substantially cheaper
4 to offset some of this cost?

5 CHIEF EXECUTIVE OFFICER MORALES: It is. I don't
6 want to misstate the number, we can get that for, but it is
7 shorter. It has significantly fewer impacts on residences
8 and structures in the city, which was a significant --
9 obviously is better for the community, but also a lower
10 cost there.

11 CHAIRMAN RICHARD: Okay. Director Rossi?

12 BOARD MEMBER ROSSI: Yeah, help me out here,
13 Mark. I'm looking at page 2 and I'm looking at the dates.
14 I'm looking at a cost that is almost 50 percent more than
15 the initial cost. And I look at the dates and maybe it
16 just isn't a complete listing of dates, but it seems a
17 little late to be asking for this.

18 Why wouldn't we have known about this sooner if
19 we're talking about 2014? So you need to help me out a
20 little bit as to timelines.

21 MR. MCLOUGHLIN: Okay. I think that my
22 understanding too is that we worked with the City of
23 Bakersfield, including from a decision that the Board made
24 for Fresno-Bakersfield environmental document to stop short
25 of Bakersfield, to allow the conversation to happen with

1 the City of Bakersfield of alternative alignments, so to
2 speak, that would work for the community.

3 I think also the settlement was -- or excuse me,
4 the ongoing litigation was there. There's other litigation
5 with the other cities. There was Shafter, Kern, any other
6 cities to make sure that we captured that within this same
7 alignment, so I think that period of time until we could
8 capture the exact costs and knowing how to move forward
9 exactly with each one of those cities required, or that we
10 worked out with them.

11 BOARD MEMBER ROSSI: And we didn't know that
12 until -- and when did we know that?

13 MR. MCLOUGHLIN: I would say recently. I know
14 Diana -- maybe the last six months, eight months of the
15 finalization of those, working out those other litigations
16 with those other cities, which made for a more definitive
17 number versus guessing or trying to figure out what the X
18 actually would work with each one of those cities.

19 BOARD MEMBER ROSSI: Okay. Thank you.

20 CHAIRMAN RICHARD: Vice Chair Richards?

21 VICE CHAIR RICHARDS: Just to follow up on what
22 Director Rossi was talking about. I'm just -- I assume a
23 couple of things. One, where is the fund, is this funding
24 then coming out of contingency? Where is the 22 million
25 coming from?

1 MR. MCLOUGHLIN: This is coming out of project
2 development.

3 VICE CHAIR RICHARDS: Project development, does
4 that exceed then what we've got in the budget items?

5 CHIEF EXECUTIVE OFFICER MORALES: It's within the
6 overall budget for project development.

7 VICE CHAIR RICHARDS: Okay. Well, that's
8 important.

9 BOARD MEMBER ROSSI: Well, but you want to be
10 careful too. I'm sure it's within the overall budget, but
11 if all the other budget items entered in there hit their
12 number then it'd have to come out of contingency.

13 VICE CHAIR RICHARDS: At some point, yeah.

14 BOARD MEMBER ROSSI: Right, so you just have to
15 be -- yeah, it is within -- it damn well better be within
16 that budget number. But so I mean the question is that
17 unless you're not going to spend the other monies, at this
18 moment it has to come out of the allowance, unless you've
19 got some savings somewhere else.

20 VICE CHAIR RICHARDS: Yeah, I would agree with
21 that.

22 BOARD MEMBER ROSSI: So yeah, and it's not a big
23 number, I'm just saying --

24 VICE CHAIR RICHARDS: No. But it's a matter the
25 process if -- I think probably we should address maybe a

1 bit more in the F&A meeting with regards to this. I don't
2 recall anything having come before F&A advising us that we
3 were looking at an increase in this contract cost, which
4 would have been I think an appropriate place to have
5 started the process here. And if we did know about it for
6 six or eight months, it would have been I think something
7 that should have been reported out to F&A, and we could
8 have then forwarded it on to the Board if it was
9 appropriate, which it probably was.

10 CHAIRMAN RICHARD: Point taken, other comments?

11 Pleasure of the Board?

12 VICE CHAIR RICHARDS: I move for approval.

13 BOARD MEMBER ROSSI: Second.

14 CHAIRMAN RICHARD: Moved by Vice Chair Richards,
15 seconded by Director Rossi.

16 And Secretary please call the role.

17 MS. THOMMEN: Director Schenk?

18 BOARD MEMBER SCHENK: Yes.

19 MS. THOMMEN: Vice Chair Richards:

20 VICE CHAIR RICHARDS: Yes.

21 MS. THOMMEN: Director Rossi?

22 BOARD MEMBER ROSSI: Yes.

23 MS. THOMMEN: Director Correa?

24 BOARD MEMBER CORREA:

25 MS. THOMMEN: Director Curtin?

1 BOARD MEMBER CURTIN: Yes.

2 MS. THOMMEN: Director Lowenthal?

3 BOARD MEMBER LOWENTHAL: Yes.

4 MS. THOMMEN: Chair Richard?

5 CHAIRMAN RICHARD: Yes. Thank you.

6 MR. MCLOUGHLIN: Thank you.

7 CHAIRMAN RICHARD: Okay. Hold on one second, I
8 lost my place.

9 Mr. Morales was suggesting that we just skip over
10 and come back to item eight and go to the Small Business
11 Update at this point. So if we could do that that would be
12 great.

13 Ms. Rodriguez, good morning. And I know that
14 this item is listed as 20 minutes, but we do have Board
15 Members who have to catch airplanes and so if you could try
16 to succinct?

17 MS. RODRIGUEZ: Well, then my notes are no good.
18 And I usually speak too fast, so I tell myself to slow
19 down, but I won't do that. So I'm going to go in fast
20 motion be careful what you ask for. (Laughter.) My
21 enthusiasm will get away from me at times, so but please
22 stop me if you have questions. I'm happy and pleased to be
23 giving an update on the Small Business Program.

24 CHIEF EXECUTIVE OFFICER MORALES: You could just
25 say, "Small business is good," and we'd be done, okay?

1 Small, small.

2 MS. RODRIGUEZ: All right. So thank you
3 Chair Richard, Board Members, CEO Morales, I am very
4 pleased to be here. My name is Alice Rodriguez. I'm the
5 Small Business Advocate. I've been with the Authority for
6 about 15 months now, so a little bit over a year. We
7 thought it was a good time to get back in front of you to
8 give you an update on the program. It's been a few years.

9 I want to stop before I go into an update and
10 recognize a few folks, first Tom Fellenz who really
11 championed the Small Business Program from its inception.
12 He chaired the Business Advisory Council as well. He still
13 is very closely tied to the program obviously as General
14 Counsel. At the beginning of this year Lisa Marie Alley,
15 who's the Chief of Communications who's my boss -- I report
16 directly to her -- took over that championship mode. And
17 so she's now the one pushing and working on the executive
18 level to make sure that we're following the program and
19 meeting our goals.

20 Okay. So, let's start with a little background
21 on the program. We have a handful of government codes and
22 state regulations, executive orders, that really govern and
23 frame the Small Business Program. We use them as a
24 resource. We use them as a guide when we're creating new
25 policies. We make sure we go back and ensure that we're

1 following the law as needed.

2 In November of 2011 and then August of 2012, this
3 Board took action to approve the Small and Disadvantaged
4 Business Enterprise Policy and the Program Plan. In those
5 documents the Board set a very aggressive, probably the
6 most aggressive in the state, of a 30 percent small
7 business goal. That is inclusive of 10 percent for
8 disadvantaged business enterprises and 3 percent for
9 disabled veteran firms.

10 So what counts for those goals? We use our state
11 partners, because the High-speed Rail Authority is not a
12 certifying agency, we look to our partners, our federal and
13 state funding state partners. The California Department of
14 General Services does our small and micro-business and
15 disabled veteran enterprise certification. The California
16 Unified Certification Program, that is about nine agencies
17 across the state that can certify. Caltrans is our state
18 partner there for the DBE, which is generally known as a
19 minority or woman-owned business. The U.S. Small Business
20 Administration also does a disadvantaged business program
21 and that's the 8(a) Certification. So we can't do it
22 alone, our partnerships are a key to our success, both
23 federal, state, and then our local partners.

24 One that I want to point out besides all of the
25 local MBAs, WIBs, small business development centers and

1 EDCs are our local transportation agencies. These are
2 strategic partners that I use to help small businesses, or
3 at least I hope to, to get them high-speed rail ready.
4 Their small business teams do a lot of outreach. They
5 connect with the DBE firms. They connect with small
6 businesses of all sizes. And I feel that those are the key
7 partners that I've started working with this last year to
8 really help get the field ready for high-speed rail.

9 BOARD MEMBER ROSSI: Could I ask you, have you
10 talked to Tim Rainey?

11 MS. RODRIGUEZ: Tim Rainey? I'm --

12 BOARD MEMBER ROSSI: You mentioned the WIBs --

13 CHIEF EXECUTIVE OFFICER MORALES: Yes.

14 BOARD MEMBER ROSSI: Uh-huh?

15 CHIEF EXECUTIVE OFFICER MORALES: Yes. We work
16 with Tim and very closely, especially in the Central
17 Valley, we've been coordinating with them very closely.

18 BOARD MEMBER ROSSI: Because I think that's more
19 important than working with the WIBs at this stage, because
20 of the project there that we're working on at the -- is it
21 the state level?

22 VICE CHAIR RICHARDS: The state, he's the state.

23 BOARD MEMBER ROSSI: Oh, right, okay. Thank you.

24 MS. RODRIGUEZ: Sure.

25 Okay. So as of June where are we with the small

1 businesses -- 318 across the state. We break that down for
2 you in a couple of ways: 100 of those 318 are DBEs, those
3 are minority woman-owned firms; 36 are veteran-owned firms.
4 But we've also broken them down in a regional breakout,
5 which just I think shows that this is really having a
6 statewide impact, this program: 112 in the North, 72 in the
7 Valley, 121 in Southern California.

8 So we break our contracts into really two
9 buckets: professional services and design-build or our
10 construction contracts. Of our 31 high-value professional
11 service contracts -- those are going to be your
12 architectural, your engineering, your regional consultants
13 -- we have 31 of those contracts. Four of them are prime
14 contractors with us, which is exciting. That means we're
15 getting 100 percent utilization of small business on those
16 contracts; 110 million has already gone to small and
17 disadvantaged and veteran-owned firms, of those
18 professional service contracts, which I think is extremely
19 impressive -- a 34.9 percent small business utilization.

20 If you look at those contracts 13 of them have a
21 70 percent or higher on small business utilization, which I
22 think really points out that 30 percent is not the ceiling,
23 30 percent is a minimum goal. And wherever we can, the
24 Authority tries to meet and exceed that goal.

25 Oh, I'd like to show now a video. This is the

1 first of two that we're going to show you. O'Dell
2 Engineering is a Modesto-based small business. They've
3 expanded into Fresno and I think you're really going to
4 enjoy what they have to say.

5 (Video order to play sorted out.)

6 MS. RODRIGUEZ: So first is our professional
7 services firm, Laura Uden here. She is the President of
8 NSI Engineering. She's helping on two contracts, which
9 you'll learn about. She's a woman-owned veteran, disabled
10 veteran firm, out of the San Jose area. So please enjoy
11 this one. You'll enjoy the other one as well, when we get
12 there.

13 (VIDEO: NSI Engineering.)

14 LAURA UDEN: (President, NSI Engineering) "Well,
15 we first got contacted back in sort of 2009 timeframe by
16 HNTB who was working on the San Francisco to San Jose
17 design, a regional consultant contract."

18 NARRATOR: "Laura Uden is the President of San
19 Jose-based NSI Engineering, which is doing quality
20 assurance work on the High-Speed Rail Project."

21 LAURA UDEN: "Quality assurance is writing the
22 procedures for quality control and then conducting the
23 audits and oversight to make sure that it's being done
24 properly."

25 NARRATOR: "NSI is a certified woman-owned small

1 business, a disadvantaged business, and a disabled veteran
2 business. Uden says she's not sure her company would have
3 had the opportunity to work on the project without the
4 High-Speed Rail Authority's small business goals."

5 LAURA UDEN: "I would say the California High-
6 Speed Rail Authority is doing a great job in establishing
7 very aggressive goals for small business, disadvantaged
8 business, disabled veteran business. Much more so than
9 almost anybody else in California, some firms are even
10 given this aggressive goal, trying to exceed it."

11 NARRATOR: "Since taking that initial work with
12 HNTB in 2009 Uden and her firm have pursued and been
13 awarded more contracts working on the High-Speed Rail
14 Project."

15 LAURA UDEN: "We have two major High-Speed Rail
16 contracts totaling about \$2 million given to us just in the
17 last year."

18 NARRATOR: "The increase in work meant her
19 company needed to increase its number of employees."

20 LAURA UDEN: "So at the moment we have about
21 doubled our workforce, because of the High-Speed Rail
22 contracts we have underway."

23 NARRATOR: "Uden is also a member of the
24 Authority's Business Advisory Council, a group she says is
25 gaining energy and momentum."

1 LAURA UDEN: "I would say that we are really
2 making progress in a lot of our goals now to ensure that we
3 represent and support small business interests to the
4 Authority."

5 (VIDEO: Ends.)

6 MS. RODRIGUEZ: All right, that was Laura Uden,
7 again a valuable member of our Business Advisory Council.
8 And again I don't know if you heard that, but she's doubled
9 her staff, because of High-speed Rail, which is so
10 exciting.

11 And so let's now jump and talk a little bit about
12 design-build contracts. Those are our three construction
13 package contracts that are in the Central Valley.
14 Construction Package 1 is already utilizing 68 small
15 businesses, while Construction Package 2-3 is up to 23.
16 Construction Package 4 is still very early on in its
17 contracting since this contract was signed. So they have a
18 very limited number at this point, but they are already set
19 with about a \$5 million commitment, just within a few
20 months. So we're excited to see that they are making the
21 investment in the Central Valley as they promised they
22 would to small businesses.

23 Now, here's the O'Dell Engineering, the Modesto-
24 based firm that is a small business, who has expanded into
25 Fresno. Let's watch this.

1 (VIDEO: O'Dell Engineering.)

2 DYLAN CRAWFORD: (Vice President, O'Dell
3 Engineering) "As a firm we're a civil engineering, land
4 surveying, and landscape architecture firm."

5 NARRATOR: "Dylan Crawford works at Modesto-based
6 O'Dell Engineering."

7 DYLAN CRAWFORD: "Specifically for High-Speed
8 Rail we're doing right-of-way engineering and surveying."

9 NARRATOR: "The certified small business started
10 working on the High-Speed Rail Project in 2011 as a
11 subcontractor to AECOM."

12 DYLAN CRAWFORD: "We started out in the Madera to
13 Fresno segment, but that's been expanded."

14 NARRATOR: "In 2013, O'Dell became the prime
15 contractor working throughout areas in Construction Package
16 1, 2-3, and 4."

17 DYLAN CRAWFORD: "For the company as a whole it's
18 huge. It's been a shot in the arm for us. In 2011
19 everybody knows work in the Central Valley was hard to
20 find. And we were no exception to it."

21 NARRATOR: "Besides the obvious financial benefit
22 of working on the High-Speed Rail Project Crawford points
23 out other indirect benefits."

24 DYLAN CRAWFORD: "One is recruiting ability.
25 Everybody is interested in working on the High-Speed Rail

1 Project. It's the biggest public infrastructure project in
2 the U.S. that we're aware of. And it's exciting and
3 everybody's interested in it, so it makes recruiting easy.
4 And it allows us to recruit who we feel are the best and
5 brightest."

6 NARRATOR: "Since beginning work on High-Speed
7 Rail, O'Dell Engineering has grown from 15 employees to 55.
8 That also meant expanding the business into an office in
9 Fresno."

10 DYLAN CRAWFORD: "And that's actually led to
11 giving us the opportunity to do a little more work in the
12 Fresno region other than just High-Speed Rail. So we see a
13 growth potential of that office beyond just High-Speed Rail
14 work."

15 NARRATOR: "Crawford acknowledges that the
16 Authority's aggressive 30 percent small business
17 participation goal has made all of this possible."

18 DYLAN CRAWFORD: "Without that goal, a lot of
19 small firms would never have the opportunity to work on a
20 large infrastructure project like this."

21 NARRATOR: "And there's more high-speed rail work
22 to come for O'Dell Engineering. It's been selected to work
23 in the San Jose to Merced Project section."

24 DYLAN CRAWFORD: "We plan to use this project as
25 a catalyst for more work, for as far as we can see at this

1 point."

2 (VIDEO: Ends.)

3 MS. RODRIGUEZ: So O'Dell Engineering, what a
4 great success story. And I think the key to that success
5 is not just the work he's getting on High-speed Rail, but
6 when he's talking about getting other work outside of High-
7 speed Rail, that we've really been a launching pad for him.
8 So that's a real success story in my mind.

9 So a little bit about some of the small
10 businesses that you've heard of in the past from our ground
11 breaking ceremony and within -- and, you know, in the
12 interest of time I'm going to skip past this slide. Is
13 that okay, yeah.

14 All right, reporting, state and federal
15 reporting, I think it's important that we are accountable
16 to ourselves to be good stewards to the taxpayers that
17 we're spending those dollars. So reporting becomes a very
18 important tool. I work with the different departments
19 within the Authority, with the contracting procurement
20 teams, the Contract Management Office and the Contracts
21 Compliance Unit, to ensure that we have accurate and
22 effective reporting that demonstrates our success with
23 meeting our goals.

24 Outreach, there's a few members of the team I
25 want to just name. Karen Massie, an Information Officer;

1 we've got Alex McCracken who is a Small Business and Title
2 IV Manager, and Meilani Sabadlab who's a Small Business
3 Associate. We as a team, we do our best to get out and
4 let the small business community know about the High-Speed
5 Rail Project. We've done 41 certification workshops with
6 over 500 participants and 184 walking away that day with
7 certification. It's a key for small businesses to
8 understand the project, but also to know how they can be a
9 part of it through certification.

10 Small business newsletter, another effective
11 outreach tool that we utilize, this is an award-winning
12 newsletter. We profile small businesses and I think it's a
13 way for them to see how they might fit on the project when
14 they see their fellow small businesses having success.

15 The Business Advisory Council was established in
16 2012 by this Board. The purpose is to cultivate
17 partnerships with the small business community. We have 22
18 business organizations and associations on the Council. We
19 have a couple of those members here today, Diana LaCome and
20 Paul Guerrero who we heard from earlier. And this Board
21 comes together to help us discuss ideas and strategize ways
22 that we can help remove barriers for small businesses on
23 the project.

24 Some of their key areas of interest, in the last
25 few Business Advisory Council meetings we've had a couple

1 members of our executive team to give updates and
2 informational presentations on prompt payment, on Title VI
3 in the environmental justice work that we're doing at the
4 Authority. And we have other key areas that we're working
5 with through their work and our work together.

6 Next up is the vendor registry. This is going to
7 be -- this is going to push our outreach -- blow it out
8 next year, because this is going to be in an area where
9 small businesses are going to be able come to our website,
10 list their business information, say I'm interested in
11 doing business with High-speed Rail. And then that allows
12 our primes and potential prime contractors to find a list
13 of small businesses that have a specific skill set, that
14 have a certification, that can work in their area. And
15 they can connect with them and build teams to reach our
16 goals.

17 So talking about goals, let's talk about 2017 and
18 beyond. I think obviously the number one goal is to
19 continue to meet and exceed our small business goals. We
20 are going to refine the Small and Disadvantaged Program
21 Plan. That is about four different documents that we feel
22 now is the time, it's right now that we've grown in the
23 project. We've seen our civil packages go forward. Let's
24 figure out how we can make that and streamline that
25 document.

1 And we're going to expand our outreach
2 activities, develop additional trainings and workshops.
3 We're going to work internally to make sure our contract
4 managers understand the Small Business Program. They
5 understand how they can be an effective tool in helping us
6 achieve our goals.

7 And then lastly, not least though, is to continue
8 to build and expand existing state and local partner
9 networks. These are key. We cannot do it alone. Those
10 partnerships are key, so I'm always welcome to ideas and
11 strategies that will help us further that cause.

12 Any questions for me, am I smoking out the sides?
13 (Laughter.)

14 CHAIRMAN RICHARD: I don't have a question. I
15 just want to say I think you're awesome and you've done a
16 great job.

17 MS. RODRIGUEZ: Thank you. I was so nervous to
18 give this presentation.

19 CHAIRMAN RICHARD: No, no, no. I think this is
20 so important. And we go to the people of California, we
21 raise \$64 billion, much of it from them. And as you and I
22 spoke yesterday, Alice, we need to make sure that we reach
23 every part of the state in terms of the benefits.

24 MS. RODRIGUEZ: I agree.

25 CHAIRMAN RICHARD: And I think what you're doing

1 just is tremendous. And obviously there's always going to
2 be room for improvement. And again, from our conversation
3 yesterday I just felt like you're totally dedicated to this
4 program. And so I think we're very fortunate to have you.

5 MS. RODRIGUEZ: Thank you, very much. That's
6 very nice to hear.

7 CHAIRMAN RICHARD: Colleagues, any questions for
8 Ms. Rodriguez?

9 BOARD MEMBER SCHENK: No, just terrific.

10 MS. RODRIGUEZ: Thank you.

11 CHAIRMAN RICHARD: Okay. Can you try to make it
12 go a little faster next time?

13 BOARD MEMBER SCHENK: I bet she can.

14 CHAIRMAN RICHARD: Yeah. I bet she can too.

15 Okay. Thank you. That was very good.

16 And then back now to item eight to talk about
17 considerations related to operator input, early operator
18 input, Boris Lipkin. Good morning.

19 MR. LIPKIN: Good morning, Chairman Richard.
20 I'll try to be pretty quick too. I'll just give a quick
21 introduction and then look for you to have the discussion
22 if necessary. This item is an informational item on the
23 development of fair and scheduled policies for the
24 procurement of the early operator. And this item is meant
25 to help us get feedback from the Board on its regulatory

1 role going forward.

2 So the 2016 Business Plan laid out the
3 Authority's business model for delivering and operating the
4 Valley to Valley line and the Phase 1 system. And that
5 business model calls for the involvement of an early
6 operator that would assist the Authority in the development
7 of the Valley to Valley line with a long term strategy of
8 having that operator run the system as a commercial
9 enterprise.

10 Since adoption of the Business Plan staff has
11 worked to develop the early operator procurement. And as
12 part of that process the Authority will need to make
13 critical decisions around the fare and schedule policies.
14 And in setting those policies, we'll need to decide the
15 regulatory roles that the Board will play during the
16 operations phase.

17 So this item is meant to help frame several
18 examples of how these processes and policies work on rail
19 systems, both domestically and internationally, describe
20 the context of the Authority's regulatory roles and
21 abilities and existing policies, and lay out the principles
22 that will help guide the development of the actual
23 procurement documents.

24 In developing the principles laid out in the memo
25 staff has worked to balance the need for the operator to

1 have broad flexibility to run a successful business
2 enterprise. With the need for the public sector to be able
3 to ensure that the value and benefits of the investment in
4 the High-Speed Rail System are maximized.

5 In the coming months, staff will come back to the
6 Board to ask approval to begin the procurement process for
7 the early operator. And more specific guidelines and
8 contract provisions that will operational-ize these
9 principles will be included at that time.

10 So I think that's all I want to do as an
11 introduction. I'll kind of open for questions or comments
12 from the Board.

13 CHAIRMAN RICHARD: Well, let me just start by
14 saying that I read your materials, which I appreciate. And
15 my sense of this was that I had no issue with any of the
16 issues that you raised. And I think it's really more of a
17 question of beyond that.

18 I know this is something that Director Curtin has
19 a very strong interest in, is that there are many other
20 things that operator input is also important for physical
21 design of the system, station design, considerations about
22 locations of facilities, etcetera, etcetera. So without
23 trying to go deep into this today I think it does help
24 bring into focus the need to have the conversation about
25 where and when we are going to be getting this operator

1 input.

2 And I think for a number of us that discussion
3 really needs to be front and center.

4 BOARD MEMBER ROSSI: Yeah, we have to be clear
5 that there are two aspects, I think.

6 CHAIRMAN RICHARD: You might want to speak into
7 the microphone.

8 BOARD MEMBER ROSSI: One being that what appears
9 that is being discussed here is what you would do once you
10 decided to do a concession.

11 The other part, the earlier part, which would be
12 an integrator, an operations integrator, would be I would
13 think the issue that Danny talks about, which is really
14 more of a consultant arrangement versus the things you're
15 covering here. And look, I agree with everything you did,
16 all the points you raise are just fine, but I think that we
17 sometimes talk in such general terms that we get some of
18 the highly specific aspects of various functions somewhat
19 confused. And I think we need to be careful.

20 What appears to me that you're laying out here is
21 a process that clearly we need to think very seriously
22 about, as you've laid out for us. But it is the second
23 part of that process. The first part, it seems to me when
24 you talk about early issues with operators, is the issue to
25 have your systems integration. You want to get an operator

1 who really -- that you guys are comfortable with, who
2 really understands the exercise. That you hire as a
3 consultant or whatever the appropriate hiring term is, to
4 be sure that all of the things you raise here apart from
5 the fact of setting terms and conditions and fares and
6 oversight and all of those issue, that's a second phase.

7 The first phase which probably right now is the
8 more important phase for us, getting to Danny's position,
9 is being sure that we have the appropriate integration on
10 our operating basis. But I think what you've laid out here
11 is pretty clear and straightforward and I think you cover
12 all the points.

13 CHIEF EXECUTIVE OFFICER MORALES: Can I just?

14 CHAIRMAN RICHARD: Yeah, Mr. Morales?

15 CHIEF EXECUTIVE OFFICER MORALES: Yeah, just to
16 build on that a little bit I think that there's two pieces
17 that have to fit together here. And we've been greatly
18 informed by ongoing discussions with operators from around
19 the world, who are offering us at this point free advice
20 and counsel, but are looking certainly ahead to future
21 opportunities for themselves.

22 And some of the benefits of having an operator
23 engaged early are to really help us define the system in a
24 way that will optimize its performance ultimately, reduce
25 costs, and improve revenue opportunities. And part of that

1 engagement we have to also then let them know what are the
2 constraints that an operator would be under, so they know
3 the box that they're working within. So again, part of the
4 idea of this presentation was just to tee up some of those
5 things that we hear back from the operators.

6 They need to know how much flexibility they'll
7 have in terms of fare structure, what sort of regulation
8 there would be, so that we can get their input in
9 developing the system more fully.

10 CHAIRMAN RICHARD: Mr. Curtin.

11 BOARD MEMBER CURTIN: Well, I may as well take
12 the opportunity to comment. I'm excited about the
13 development, because I want to reiterate that the operator
14 will be carrying the burden of the developed project. And
15 will have to find a way to make enough revenue without any
16 subsidy. So the ideas about developing the project will be
17 focused on that basis. And the earlier their ideas are
18 incorporated into the project, the more likely the project
19 will be run as efficiently as possible.

20 And since they do have experience in this around
21 the world that we're -- I won't say inventing the wheel
22 here, but it's a big, big task that the High-Speed Rail
23 Authority is taking on. So the idea of getting people who
24 will eventually run the project unsubsidized, getting their
25 ideas as early as possible in almost every phase, and we're

1 looking at talking about station design and things of that
2 nature. While it seems abstract in a way to people who
3 aren't as involved as the High-Speed Rail Authority there's
4 ideas at the early stages that will help make sure the
5 program is run efficiently and can actually run
6 unsubsidized.

7 So I'm very excited about the development and in
8 the interest that is being expressed by the operators in
9 the High-Speed Rail Authority and the High-Speed Rail
10 Project in California.

11 CHAIRMAN RICHARD: Any other questions or
12 comments? So I think we need to keep this issue front and
13 center here over the next couple of months to move into
14 that next phase of the program.

15 And thank you, Mr. Lipkin, for the thought paper
16 that you've presented to us this morning.

17 MR. LIPKIN: Again, thank you.

18 CHAIRMAN RICHARD: The last item on our agenda
19 this morning is a Construction Update. Scott Jarvis?

20 MR. JARVIS: Good morning Chairman Richard, Board
21 Members, CEO Morales. Yeah, I'm going to give you an
22 update on construction in the Central Valley. I'll
23 primarily be focused on CP1 and some of the major structure
24 locations that are ongoing on CP1.

25 So we had a surprise visitor several weeks ago on

1 CP1, which was --

2 CHIEF EXECUTIVE OFFICER MORALES: An inspection,
3 yeah.

4 MR. JARVIS: -- which was quite exciting.
5 Governor Brown visited the team there. And it was really a
6 motivating factor for entire team to have the Governor out
7 there and meet with the trades. And that was at our Fresno
8 trench location, where we're starting to get some real good
9 progress ongoing.

10 Another area that we have some really good
11 progress ongoing is the Tuolumne Street Bridge. And now
12 this really a great example of the advantage of the design-
13 build process, because we were able to start this location
14 here, Tuolumne Street Bridge. We had some right-of-way.
15 We certainly didn't have all of it. We didn't have the
16 design 100 percent complete. But we had foundation design.
17 And we were able to start work and then work on some of
18 those other design activities and right-of-way activities
19 concurrently.

20 So because of that we've really been able to
21 progress this location. And as you see on the upper left,
22 the bridge deck has been poured. The upper right shows
23 some of the retaining wall work that is ongoing as we now
24 connect from the bridge down into the city streets. And
25 this bridge should be open by the end of the year.

1 CHIEF EXECUTIVE OFFICER MORALES: Just to
2 underscore that is a very impressive piece of work. That
3 bridge was -- the old bridge was demolished at the end of
4 February. And again will be open by the end of the year,
5 so about a 10-month process. The contractor's done a
6 fantastic job on this one.

7 MR. JARVIS: Yes.

8 Another location that you've seen before that we
9 have real significant progress ongoing is the Fresno River
10 Viaduct, as you see here. That is getting close to being
11 complete. One of the last major portions of it is closing
12 the gap over State Route 145. We've gone through the
13 process to get the encroachment permit from Caltrans and
14 that work will begin soon on that area. And so this
15 bridge, Fresno River Viaduct, should be complete by early
16 next year.

17 One of our signature structures is the San
18 Joaquin River Viaduct. And this is on the northern end of
19 the project coming into Fresno. And there's an artist
20 rendition of the signature span, the arch. And it's really
21 quite an impressive structure. It's called a pergola
22 structure. A lot of it is going to cross diagonally over
23 the UP Railroad line and it's going to be almost a mile
24 long. And work has begun at this location, the foundation
25 work, we're building a temporary trestle so we can access

1 the work throughout the winter. Cofferdam is being
2 constructed, so that the work can progress on one of the
3 foundation locations.

4 And we do have an animation here that shows the
5 sequence of the construction that will take place at this
6 location that's kind of fun.

7 (Animation of Construction of the Pergola played.)

8 CHAIRMAN RICHARD: Okay. It won't go quite that
9 fast. Construction won't go quite that fast.

10 MR. JARVIS: Fast, but maybe not quite that.

11 On the southern end of the project, a signature
12 structure is called the Cedar Viaduct. And that is also a
13 very impressive structure, 3700 feet. It'll go over State
14 Route 99. The work has begun there as well. The columns
15 and flare caps are being poured. And preparation is
16 underway for continuous column and construction work. And
17 we do have an animation with this as well, showing the
18 sequencing of the work that lies ahead.

19 CHAIRMAN RICHARD: It won't go quite that fast.

20 MR. JARVIS: Yeah.

21 CHAIRMAN RICHARD: Construction won't go quite
22 that fast.

23 MR. JARVIS: It's fast, but maybe not that.

24 Yeah, and on the southern end of the project the
25 signature structure is called the Cedar Viaduct. And that

1 is also a very impressive structure, 3,700 feet, it'll go
2 over State Route 99. The work has begun there as well, the
3 columns and flare caps are being poured. And preparation
4 is underway for continuous column and construction work.
5 And we do have an animation with this as well showing the
6 sequencing of the work that lies ahead.

7 (Animation of Construction of the Cedar Viaduct
8 and the Iconic Bridge Structure played.)

9 MR. JARVIS: All right. It's great to see the
10 vision that we're all working towards.

11 We also have two other construction packages
12 ongoing. As we know Construction Package 2-3 is in the
13 preconstruction activities primarily and a lot of the
14 design activities. We have community engagement work
15 ongoing. We have started some field work, clearing and
16 grubbing work, various utility relocation work. And we
17 expect 2017 to be a big year for Construction Package 2-3.

18 And we also have started on Construction Package
19 4. Again, this is a project that's very early on in the
20 process primarily focused on design activities. But there
21 are some field activities going on including what we call
22 pot holing, which is locating the physical location of the
23 utilities to determine if they need to be relocated or
24 protected during construction. And that's being performed
25 by one of our minority-owned small businesses.

1 So there you have it. And in summary that's some
2 of the major activities going on in CP1, 2-3 and 4. I'd be
3 happy to answer any questions you might have.

4 CHAIRMAN RICHARD: Questions?

5 Well, Nancy Pelosi always talks about making the
6 dirt fly, so it looks like we're making dirt fly out there,
7 which is great.

8 MR. JARVIS: We are.

9 CHAIRMAN RICHARD: I also want to compliment the
10 team on these videos. Lisa, is that your group? They're
11 very good and yeah, so please pass on thanks to the folks
12 who are working on those. They've done very professional.

13 Mr. Morales?

14 CHIEF EXECUTIVE OFFICER MORALES: Mr. Chairman,
15 just one thing. There was a question asked earlier during
16 the item on the T.Y. Lin contract about the cost savings
17 from the locally-generated alignment and I didn't have the
18 answer. I do now. Our projected savings are over \$200
19 million reduced relative to the alternative alignment from
20 construction. And that's a combination of reduced impacts
21 on properties, shorter alignment all told, and then a
22 number of other things including less miles of elevated
23 structure.

24 And so the work that's being done through that
25 contract is to develop all of the engineering and the

1 environmental approvals to get to that cost reduction. So
2 I just wanted to make sure we got that, and put that on the
3 record

4 CHAIRMAN RICHARD: Okay.

5 BOARD MEMBER ROSSI: That's not a bad cost, 200
6 million.

7 CHIEF EXECUTIVE OFFICER MORALES: It's a good
8 return on investment, yes I would say.

9 CHAIRMAN RICHARD: Okay. With that I believe
10 we've completed the agenda for this morning. I want to
11 thank everybody.

12 We will have two committee meetings subsequent to
13 this meeting. And the Transit-Land Use Committee will
14 convene right here in this space. Finance and Audit will
15 go off to wherever they have green night shades. And so
16 they'll do that.

17 Okay. With that, I thank everybody and this
18 meeting stands adjourned.

19 (Chair Dan Richard adjourned the Public Meeting of The
20 High-Speed Rail Authority
21 at 10:40 a.m.)

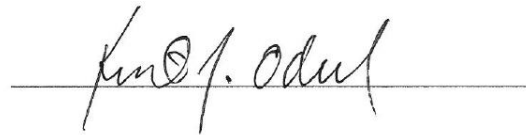
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REPORTER'S CERTIFICATE

I do hereby certify that the testimony in the foregoing hearing was taken at the time and place therein stated; that the testimony of said witnesses were reported by me, a certified electronic court reporter and a disinterested person, and was under my supervision thereafter transcribed into typewriting.

And I further certify that I am not of counsel or attorney for either or any of the parties to said hearing nor in any way interested in the outcome of the cause named in said caption.

IN WITNESS WHEREOF, I have hereunto set my hand this 1st day of November, 2016.

A handwritten signature in cursive script, appearing to read "Kent Odell", is written over a horizontal line.

Kent Odell
CER**00548

TRANSCRIBER'S CERTIFICATE

I do hereby certify that the testimony in the foregoing hearing was taken at the time and place therein stated; that the testimony of said witnesses were transcribed by me, a certified transcriber and a disinterested person, and was under my supervision thereafter transcribed into typewriting.

And I further certify that I am not of counsel or attorney for either or any of the parties to said hearing nor in any way interested in the outcome of the cause named in said caption.

IN WITNESS WHEREOF, I have hereunto set my hand this 1st day of November, 2016.



Myra Severtson
Certified Transcriber
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